

U.S. OBLIGATIONS UNDER THE MERIDA INITIATIVE

HEARING
BEFORE THE
SUBCOMMITTEE ON
THE WESTERN HEMISPHERE
OF THE
COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES
ONE HUNDRED TENTH CONGRESS
SECOND SESSION

FEBRUARY 7, 2008

Serial No. 110-170

Printed for the use of the Committee on Foreign Affairs



Available via the World Wide Web: <http://www.foreignaffairs.house.gov/>

U.S. GOVERNMENT PRINTING OFFICE

40-659PDF

WASHINGTON : 2008

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800
Fax: (202) 512-2104 Mail: Stop IDCC, Washington, DC 20402-0001

COMMITTEE ON FOREIGN AFFAIRS

TOM LANTOS, California, *Chairman*

HOWARD L. BERMAN, California	ILEANA ROS-LEHTINEN, Florida
GARY L. ACKERMAN, New York	CHRISTOPHER H. SMITH, New Jersey
ENI F.H. FALEOMAVAEGA, American Samoa	DAN BURTON, Indiana
DONALD M. PAYNE, New Jersey	ELTON GALLEGLY, California
BRAD SHERMAN, California	DANA ROHRABACHER, California
ROBERT WEXLER, Florida	DONALD A. MANZULLO, Illinois
ELIOT L. ENGEL, New York	EDWARD R. ROYCE, California
BILL DELAHUNT, Massachusetts	STEVE CHABOT, Ohio
GREGORY W. MEEKS, New York	THOMAS G. TANCREDI, Colorado
DIANE E. WATSON, California	RON PAUL, Texas
ADAM SMITH, Washington	JEFF FLAKE, Arizona
RUSS CARNAHAN, Missouri	MIKE PENCE, Indiana
JOHN S. TANNER, Tennessee	JOE WILSON, South Carolina
GENE GREEN, Texas	JOHN BOOZMAN, Arkansas
LYNN C. WOOLSEY, California	J. GRESHAM BARRETT, South Carolina
SHEILA JACKSON LEE, Texas	CONNIE MACK, Florida
RUBEN HINOJOSA, Texas	JEFF FORTENBERRY, Nebraska
JOSEPH CROWLEY, New York	MICHAEL T. McCAUL, Texas
DAVID WU, Oregon	TED POE, Texas
BRAD MILLER, North Carolina	BOB INGLIS, South Carolina
LINDA T. SANCHEZ, California	LUIS G. FORTUÑO, Puerto Rico
DAVID SCOTT, Georgia	GUS BILIRAKIS, Florida
JIM COSTA, California	ROBERT J. WITTMAN, Virginia
ALBIO SIRE, New Jersey	
GABRIELLE GIFFORDS, Arizona	
RON KLEIN, Florida	

ROBERT R. KING, *Staff Director*

YLEEM POBLETE, *Republican Staff Director*

SUBCOMMITTEE ON THE WESTERN HEMISPHERE

ELIOT L. ENGEL, New York, *Chairman*

GREGORY W. MEEKS, New York	DAN BURTON, Indiana
LINDA T. SANCHEZ, California	CONNIE MACK, Florida
ALBIO SIRE, New Jersey	MICHAEL T. McCAUL, Texas
GABRIELLE GIFFORDS, Arizona	LUIS G. FORTUÑO, Puerto Rico
ENI F. H. FALEOMAVAEGA, American Samoa	CHRISTOPHER H. SMITH, New Jersey
DONALD M. PAYNE, New Jersey	ELTON GALLEGLY, California
BILL DELAHUNT, Massachusetts	RON PAUL, Texas
RON KLEIN, Florida	VACANT
GENE GREEN, Texas	

JASON STEINBAUM, *Subcommittee Staff Director*

ERIC JACOBSTEIN, *Subcommittee Professional Staff Member*

MARK WALKER, *Republican Professional Staff Member*

ERIN DIAMOND, *Staff Associate*

CONTENTS

	Page
WITNESSES	
The Honorable Thomas A. Shannon, Assistant Secretary, Bureau of Western Hemisphere Affairs, U.S. Department of State	10
The Honorable Marisa R. Lino, Assistant Secretary, Office of Policy/International Affairs, U.S. Department of Homeland Security, Former U.S. Ambassador	14
The Honorable Scott Burns, Deputy Director, White House Office of National Drug Control Policy	19
The Honorable William J. Hoover, Assistant Director, Office of Field Operations, Bureau of Alcohol, Tobacco, Firearms and Explosives, U.S. Department of Justice	25
Mr. Kenneth W. Kaiser, Assistant Director, Criminal Investigative Division, Federal Bureau of Investigation, U.S. Department of Justice	31
Mr. Anthony P. Placido, Assistant Administrator and Chief of Intelligence, Drug Enforcement Administration, U.S. Department of Justice	35
LETTERS, STATEMENTS, ETC., SUBMITTED FOR THE HEARING	
The Honorable Eliot L. Engel, a Representative in Congress from the State of New York, and Chairman, Subcommittee on the Western Hemisphere: Prepared statement	4
The Honorable Dan Burton, a Representative in Congress from the State of Indiana: Prepared statement	6
The Honorable Thomas A. Shannon: Prepared statement	12
The Honorable Marisa R. Lino: Prepared statement	15
The Honorable Scott Burns: Prepared statement	20
The Honorable William J. Hoover: Prepared statement	27
Mr. Kenneth W. Kaiser: Prepared statement	33
Mr. Anthony P. Placido: Prepared statement	37
APPENDIX	
Material Submitted for the Hearing Record	84

U.S. OBLIGATIONS UNDER THE MERIDA INITIATIVE

THURSDAY, FEBRUARY 7, 2008

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON THE WESTERN HEMISPHERE,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:20 a.m. in room 2212, Rayburn House Office Building, Hon. Eliot L. Engel, (chairman of the subcommittee) presiding.

Mr. ENGEL. The subcommittee will come to order. It is my pleasure to welcome everyone to today's hearing on the U.S. obligations under the Merida Initiative.

As always, it is an honor and a privilege to have Assistant Secretary of Western Hemisphere Affairs Tom Shannon here with us. I just traveled with Tom to Colombia a couple of weeks ago.

And I must recognize the presence of my very good friend, Marisa Lino, who I know as the former U.S. Ambassador to Albania, but who comes before us today as Assistant Secretary for International Affairs at Homeland Security.

As you may know, the Merida Initiative got off to a rocky start in Congress. As I mentioned at previous hearings, members were not consulted or briefed on the package before it was sent up, even after several requests. This was not the way to kick off such an important effort to combat drug trafficking and drug-related violence in Mexico and Central America.

Nevertheless, the Merida Initiative is very important. The United States interagency counternarcotics community estimates that 90 percent of the cocaine that went from South America to the United States transited through Mexico and Central America in 2004 and 2005, and drug-related violence has left more than 4,000 Mexicans dead in the last 2 years.

No one can deny the severity of this problem. Something must be done, and as a country that consumes most of the drugs coming from Mexico and sends most of the guns to Mexico, the United States I believe has a moral responsibility to help.

The Foreign Affairs Committee has held two hearings on the Merida Initiative already, one in this subcommittee on October 25, 2007, and one in the full committee on November 14, 2007. Those hearings focused on the narcotrafficking problem in Mexico and Central America and how the Merida Initiative will help the countries involved respond to the growing problem.

As I said during those hearings, I believe it is critical for the United States to assist Mexico and Central America in combating

the drug cartels operating throughout the region and poisoning our youth. Too many people have already died, too many lives have been disrupted, and too many young people have been captured in a dangerous cycle of drugs and crime for us to sit back and do nothing.

But it is simply too easy to say the problem is over there and that we can just send some money and helicopters to a few foreign countries and keep the narco-trafficking scourge outside our borders. If only we could just train enough Mexican police, put enough high tech scanners at ports of entry in Central America or throw up a big fence on our southwest border, we will be safe from the violence and all of our kids will simply just say no to drugs.

I don't believe that, and of course this isn't true. Drugs, drug violence and the lives destroyed by illegal drugs are right here in the United States. We have tried for years with the Andean Counter-narcotics Initiative to staunch the flow of cocaine to the United States and have provided more than \$5 billion to Colombia from Fiscal Year 2000 through Fiscal Year 2007, and still virtually the same amount of drugs is reaching the United States.

The problem, my friends, is here too. As long as there is demand for illegal narcotics in the United States, suppliers will sell their cocaine and heroin and other drugs on our streets, and as long as the narco-traffickers are armed with guns from the United States the brutal violence of the drug gangs will continue unabated. So I believe very strongly we have to fight the scourge here at home just as we help our partners to the south address the problem in their countries.

This is my concern with the Merida Initiative and why we are holding this hearing today. We will spend more than \$1 billion on security assistance for Mexico and Central America over the next 2 years, but it is not clear that we are stepping up our efforts in the United States so we can cement the gains the Merida Initiative is designed to achieve abroad.

The State Department's stated commitment, however, has been strong. Secretary Shannon, in your testimony before the Foreign Affairs Committee in November you said, and I am quoting you:

"We are working domestically to enhance our efforts against the trafficking of drugs, arms, money and humans, as well as to reduce the demand for drugs within the United States."

So we are here today to follow up on Secretary Shannon's statement. We want to know what specifically the U.S. Government is doing to live up to our side of the Merida bargain by reducing the demand for drugs and fighting gun running here at home.

Agents from the Bureau of Alcohol, Tobacco and Firearms have told Congress of an iron river of guns with thousands of weapons per week crossing our border into Mexico from the United States. The Christian Science Monitor reported in a July 2007 editorial that more than 90 percent of the guns confiscated yearly in Mexico originate in the United States.

Let me repeat that. More than 90 percent of the guns confiscated yearly in Mexico originate in the United States, and approximately 40 percent of the total trafficked weapons are linked to drug trafficking organizations.

I was also very disturbed to recently hear an allegation that heavy duty weaponry has been stolen from the Department of Defense facilities and National Guard armories and then trafficked into Mexico. This is a very serious charge, and I hope to learn more about it in today's hearing.

U.S. gun laws, whether you agree with them or not, are quite permissive when they come to sales of firearms at gun shows and other outlets. Unless ATF has specific information that someone is actually breaking the law, meaning carrying the weapons into Mexico, it seems ATF can do very little. I would like to know if that is true or whether our investigative rules and techniques allow ATF agents to aggressively investigate gun running.

Along the 2,000-mile border from Brownsville, Texas, to San Diego, California, there are 6,700 licensed gun sellers, but only 100 ATF special agents to investigate allegations of weapons trafficking and only 35 inspectors to ensure compliance with U.S. laws. Honestly, I am not sure our staffing levels are up to the challenge.

On January 16, ATF announced that it will add 25 special agents and 15 inspectors to their Project Gunrunner along the southwest border, and the ATF budget request for Fiscal Year 2009 includes another 12 inspectors. These are steps forward to meet our responsibility to fight gun trafficking, but is it enough? Some more must be done.

I am, therefore, pleased to announce that Ranking Member Burton and I and other members of the subcommittee are sending a letter to the Government Accountability Office today requesting a detailed report on United States firearms trafficking into Mexico. I might add that I am pleased to work closely with Mr. Burton as ranking member as I did with him when he was chairman and I was ranking member.

Internationally, the United States has signed the InterAmerican Convention on Arms Trafficking, and I would like to know whether we are in compliance with this treaty and whether the State Department intends to ask the Senate to ratify it. Ambassador Shannon, I hope you can address this, as well as your sense of what Mexico and countries in Central America expect us to do here in the United States under the Merida Initiative.

Other than staunching the flow of weapons, it is my impression that our friends to the south hope we will take greater action to reduce demand for drugs on our streets. As Mexican President Felipe Calderón said during President Bush's March 2007 visit to Mexico:

"While there is no reduction for demand in your territory, it will be very difficult to reduce the supply in ours."

When drug traffickers in Mexico and Central America, not to mention Colombia and elsewhere, look at the United States they see a giant market, a place to sell their illegal drugs. If we are really serious about reducing the amount of drugs on our streets and in the hands of our Nation's young people then I believe we must aggressively step up our efforts to diminish the demand for drugs.

I was pleased the joint United States-Mexico statement on the Merida Initiative noted that "the U.S. will intensify its efforts to

address all aspects of drug trafficking, including demand-related portions.”

Our funding for drug prevention and treatment programs, however, has been steadily declining since Fiscal Year 2005. In fact, the prevention budget gets whacked by another \$73 million in the President’s just-released Fiscal Year 2009 budget. As far as I am concerned, this is unacceptable.

Why are we cutting demand-side spending at a time when we have promised the Mexican Government to intensify our efforts on the demand side of the drug war? This is absolutely shocking to me and is no way to show our commitment to our partners in Mexico, Central America and elsewhere who are combating narcotraffickers on a daily basis.

Finally, I would be remiss not to mention that our commitment to Mexico and Central America should also mean stepping up our efforts to curb the flow of bulk cash transfers and the smuggling of chemical precursors for drugs such as methamphetamines—I can’t pronounce it, but I will say any kind of drugs—into these countries.

We have a full battery of witnesses from across the government today representing the Department of Homeland Security, the Bureau of Alcohol, Tobacco and Firearms, the Federal Bureau of Investigation, the Drug Enforcement Administration, the Office of National Drug Control Policy and of course the State Department.

I look forward to hearing what each of these agencies is doing to make the Merida Initiative a success by addressing the parts of the transnational drug and violence problem which exist here in the United States.

[The prepared statement of Mr. Engel follows:]

PREPARED STATEMENT OF THE HONORABLE ELIOT L. ENGEL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK, AND CHAIRMAN, SUBCOMMITTEE ON THE WESTERN HEMISPHERE

A quorum being present, the Subcommittee on the Western Hemisphere will come to order.

It is my pleasure to welcome you to today’s hearing on U.S. obligations under the Merida Initiative. As always, it is an honor and a privilege to have Assistant Secretary of Western Hemisphere Affairs Tom Shannon here with us. And, I must recognize the presence of my very good friend, Marisa Lino, who I know as the former U.S. Ambassador to Albania, but who comes before us today as Assistant Secretary for International Affairs at Homeland Security.

As you may know, the Merida Initiative got off to a rocky start in Congress. Members were not consulted or briefed on the package before it was sent up, even after several requests. This was not the way to kick off such an important effort to combat drug trafficking and drug-related violence in Mexico and Central America.

Nevertheless, the Merida Initiative is very important. The U.S. inter-agency counter-narcotics community estimates that 90% of the cocaine that went from South America to the United States transited through Mexico and Central America in 2004 and 2005. And, drug-related violence has left more than 4,000 Mexicans dead in the last two years. No one can deny the severity of this problem. Something must be done and, as a country that consumes most of the drugs coming from Mexico and sends most of the guns to Mexico, the United States has a moral responsibility to help.

The Foreign Affairs Committee has held two hearings on the Merida Initiative already—one in this Subcommittee on October 25, 2007 and one in the full Committee on November 14, 2007. Those hearings focused on the narco-trafficking problem in Mexico and Central America and how the Merida Initiative will help the countries involved respond to the growing problem.

As I said during those hearings, I believe it is critical for the U.S. to assist Mexico and Central America in combating the drug cartels operating throughout the region

and poisoning our youth. Too many people have already died; too many lives have been disrupted; and, too many young people have been captured in a dangerous cycle of drugs and crime for us to sit back and do nothing.

But, it's simply too easy to say the problem is "over there," and that we can just send some money and helicopters to a few foreign countries and keep the narco-trafficking scourge outside our borders. If only we could just train enough Mexican police, put enough high tech scanners at ports of entry in Central America, or throw up a big fence on our Southwest border, we'll be safe from the violence and all of our kids will simply 'just say no to drugs'.

Of course this isn't true. Drugs, drug violence, and the lives destroyed by illegal drugs are right here in the United States. We have tried for years with the Andean Counter-Narcotics Initiative to staunch the flow of cocaine to the United States and have provided more than \$5 billion to Colombia from FY2000 through FY2007—and still virtually the same amount of drugs is reaching the United States.

The problem, my friends, is *here*, too. As long as there is demand for illegal narcotics in the United States, suppliers will sell their cocaine, methamphetamine, and heroin on our streets. And, as long as the narco-traffickers are armed with guns from the United States, the brutal violence of the drug gangs will continue unabated. So, we have to fight the scourge here at home just as we help our partners to the South address the problem in their countries.

This is my concern with the Merida Initiative and why we are holding this hearing today. We will spend more than a billion dollars on security assistance for Mexico and Central America over the next two years, but it is not clear that we are stepping up our efforts in the United States so we can cement the gains the Merida Initiative is designed to achieve abroad.

The State Department's stated commitment, however, has been strong. Secretary Shannon, in your testimony before the Foreign Affairs Committee in November, you said:

"we are working domestically to *enhance* our efforts against the trafficking of drugs, arms, money, and humans, as well as to reduce the demand for drugs within the United States."

We are here, today, to follow up on Secretary Shannon's statement. We want to know what *specifically* the U.S. government is doing to live up to our side of the Merida bargain by reducing the demand for drugs and fighting gun running here at home.

Agents from the Bureau of Alcohol, Tobacco, and Firearms (ATF) have told Congress of an "iron river of guns" with thousands of weapons per week crossing the border into Mexico from the United States. The Christian Science Monitor reported in a July 2007 editorial that more than 90% of the guns confiscated yearly in Mexico originate in the United States. And, approximately 40 percent of the total trafficked weapons are linked to drug trafficking organizations.

I was also very disturbed to recently hear an allegation that heavy duty weaponry has been stolen from Department of Defense facilities and National Guard armories and trafficked into Mexico. This is a very serious charge, and I hope to learn more about it in today's hearing.

U.S. gun laws, whether you agree with them or not, are quite permissive when they come to sales of firearms at gun shows and other outlets. Unless ATF has specific information that someone is actually breaking the law, meaning carrying the weapons into Mexico, it seems ATF can do very little. I would like to know if that is true or whether our investigative rules and techniques allow ATF agents to aggressively investigate gun running.

Along the 2000 mile border from Brownsville, TX to San Diego, CA, there are 6700 licensed gun sellers, but only 100 ATF special agents to investigate allegations of weapons trafficking and only 35 inspectors to ensure compliance with U.S. laws.

Honestly, I'm not sure our staffing levels are up to the challenge. On January 16, ATF announced that it will add 25 special agents and 15 inspectors to their Project Gunrunner along the Southwest Border. And, the ATF budget request for FY 2009 includes another 12 inspectors. These are steps forward to meet our responsibility to fight gun trafficking.

But, more must be done. I am, therefore, pleased to announce that Ranking Member Burton and I and other members of the Subcommittee are sending a letter to the Government Accountability Office (GAO) today requesting a detailed report on U.S. firearms trafficking into Mexico.

Internationally, the United States has signed the Inter American Convention on Arms Trafficking. I would like to know whether we are in compliance with this treaty and whether the State Department intends to ask the Senate to ratify it. Ambassador Shannon, I hope you can address this, as well as your sense of what Mexico

and countries in Central America expect us to do here in the United States under the Merida Initiative.

Other than staunching the flow of weapons, it is my impression that our friends to the South hope we will take greater action to reduce demand for drugs on our streets. As Mexican President Felipe Calderón said during President Bush's March 2007 visit to Mexico, "while there is no reduction for demand in your territory, it will be very difficult to reduce the supply in ours."

When drug traffickers in Mexico and Central America, not to mention Colombia and elsewhere, look at the United States, they see a giant market—a place to sell their illegal drugs. If we are really serious about reducing the amount of drugs on our streets and in the hands of our nation's young people, then I believe we must aggressively step-up our efforts to diminish the demand for drugs.

I was pleased that the joint U.S.—Mexico statement on the Merida Initiative noted that "the U.S. will intensify its efforts to address all aspects of drug trafficking, including demand-related portions." Our funding for drug prevention and treatment programs, however, has been steadily declining since FY 2005. In fact, the prevention budget gets whacked by another \$73 million in the President's just-released FY 2009 budget.

Why are we cutting demand-side spending at a time when we have promised the Mexican government to "intensify" our efforts on the demand side of the drug war? This is absolutely shocking to me and is no way to show our commitment to our partners in Mexico, Central America, and elsewhere who are combating narco-traffickers on a daily basis.

Finally, I would be remiss not to mention that our commitment to Mexico and Central America should also mean stepping up our efforts to curb the flow of bulk cash transfers and the smuggling of chemical precursors for drugs such as methamphetamines into these countries.

We have a full battery of witnesses from across the government today, representing the Department of Homeland Security, the Bureau of Alcohol Tobacco and Firearms, the Federal Bureau of Investigation, the Drug Enforcement Administration, the Office of National Drug Control Policy, and, of course, the State Department. I look forward to hearing what each of these agencies is doing to make the Merida Initiative a success by addressing the parts of the transnational drug and violence problem which exist here in the United States.

I am now pleased to call on Ranking Member Burton for his opening statement.

Mr. ENGEL. I am now pleased to call on Mr. Burton for his opening statement.

Mr. BURTON. Thank you, Mr. Chairman. I am not going to make a lengthy opening statement. We are running a little behind schedule. I would like to submit my statement for the record.

I would just like to say that for a long, long time you and I and others have been very concerned about the illegal immigration and the amount of drugs that are coming across the border, the Mexican troops and police that have from time to time allegedly been seen in the United States assisting in the drug trafficking and the illegal immigration.

These are things we are all concerned about. I am very interested in hearing what the administration has to say about the Merida Initiative so I am not going to speak too long. I will just submit my statement for the record.

I would like to, however, ask unanimous consent that Ranking Member Ileana Ros-Lehtinen's January 3 letter to the administration be a part of the record.

Mr. ENGEL. Without objection. So moved.

Mr. BURTON. Thank you, Mr. Chairman.

[The prepared statement of Mr. Burton follows:]

PREPARED STATEMENT OF THE HONORABLE DAN BURTON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA

I am pleased that the Chairman has called this second hearing to further examine the Administration's Merida Initiative to help Mexico and Central America tackle

our shared problems with illicit drugs and organized crime. With Mexican cartels alone earning roughly 13.8 billion dollars annually from illicit drug sales, the problem is obvious. The solution, I fervently hope, is the Merida Initiative.

Mexico, Central America and the United States have a joint responsibility to resolve this common and difficult challenge. Important suggestions have been made over the past few months to strengthen the current plan. For example, some have called for more assistance for Central America; and it is my understanding that an increase in funding efforts to fight drugs in Central American nations will occur in time. Even with the improvements, not all parties are content with the plan, including myself. I would personally like to see the plan focus more attention on immigration on our southern border. I believe tackling the illicit drug trafficking and organized crime elements along our southern border by improving security and restoring the rule of law can significantly help to stabilize the current and very unsatisfactory illegal immigration crisis in this country. I am interested in hearing my colleague's thoughts and suggestions for changes or improvements to the current plan. To that end, I respectfully ask Unanimous Consent to include Full Committee Ranking Member Ileana Ros-Lehtinen's January 3rd letter to the Administration recommending certain changes to the Merida Initiative be made part of the official hearing record.

Despite some reservations about the Initiative, I believe that we must move forward now rather than wait for the perfect plan. We have seen the impact of Mexico's recent and impressive action to disrupt elements of the intricate drug networks through direct confrontation. That experience tells us that timing is of the essence. The Calderón government in Mexico has turned to us for help, giving us an historic opportunity. Together we are already making major progress with extraditions of Mexican nationals to the U.S. and massive, unprecedented seizures of illicit drugs and cash, once undreamed of just a few short years ago.

We should not lose the momentum. It is time for this Congress to provide the emergency funds requested by the Administration for this initiative. We need to send a clear and unambiguous message not only to the drug dealers that we will find and stop you, but to our Mexican and Central America friends, that we are in this struggle together, and we will help bolster their efforts to fight the deeply rooted gangs and drug cartels. It is time to put up or shut up, and I hope today's hearing contributes to that effort.

I would like to thank our all of our witnesses for being here today, and I look forward to hearing their views of how to pursue the most effective policies to finally bring an end to the deadly drug trade.

Mr. ENGEL. Would anyone else like to give an opening statement? Mr. Sires?

Mr. SIRES. Yes. I would just like to thank you for holding this very important meeting. This is the third meeting on this issue.

The Merida Initiative is certainly something that is very important, but I am concerned that Congress was not consulted when this package was put together, but I am more concerned that the money that we sent goes to the right places.

I would hate to see this effort just go to the upper echelon. I think we have to find a way to funnel some of that money to the local individuals who are the eyes and ears and are dealing with this on a daily basis.

I am also very concerned that the initiative that we do, especially in Mexico, is not going to be enough on the other countries and the drug dealers are just going to move from one place to another, so I have some concerns about this whole Merida Initiative, and I just thank the chairman for holding this important meeting.

Thank you.

Mr. ENGEL. Yes. Thank you, Mr. Sires.

Mr. Green?

Mr. GREEN. Thank you, Mr. Chairman, for holding this hearing. Like my colleague from New Jersey, I want to welcome our witnesses.

On January 22, the United States and Mexico issued a joint statement announcing a multi-year plan for \$1.4 billion in United States assistance to Mexico and Central America to combat drug trafficking and criminal organizations.

A couple of weeks before this announcement I was fortunate enough to travel to Mexico City and meet with Members of the Congresso from Mexico in order to discuss this aid package and what can be done to stop illicit drugs from entering both our countries and our respective counternarcotics efforts.

While the Mexican Congresso welcomed our support, they are concerned this initiative would be classed as a Plan Colombia type operation, and that is why they would rather have money for technology and equipment instead of United States personnel stationed in Mexico to address drug fighting.

I think we need to address their concerns today and especially since we are discussing the United States' obligations under this initiative. According to the plan, 59 percent of the grant money would be earmarked for civilian agencies responsible for law enforcement.

This is much needed, but the number and complexity of Mexico's security agencies will need more than cash to reform. Some of these Federal agencies have earned a reputation for ineffectiveness and corruption, and I am interested in knowing how the United States plans to realistically address this issue.

However, since the announcement of the initiative the United States Government has stepped up efforts in working with both Mexican and Central American law enforcement agencies in several ways to sharpen their focus on cross-border collaboration. So far these efforts have been successful. I am hopeful that this is the first of many successes that this endeavor will have.

I represent a district in Texas, and I have seen how these security threats can impact the daily lives of many Texans, as well as how it will often divert State resources from areas like education, housing and other police operations.

I believe this initiative is necessary and it can be successful, and I applaud President Calderón in what he has been doing since he was elected to address this issue. There have been dozens of police officers and police chiefs along the border with Mexico murdered or assassinated along with officers, and I think we need to continue an open dialogue on all of the initiative countries and keep each other accountable and ourselves included.

I am glad the chairman talked about the number of firearms that go into Mexico. Having a long border with Mexico in Texas, in an earlier hearing I joked. In Texas we think all those firearms ought to be in Texas. We don't want to send them to anybody.

That is why I think the ATF, and I would like to see what we can do to upgrade their effort to stop that transit into Mexico because what we are seeing is guns into Mexico and drugs into our country, so we need to fight it on both sides of the border.

Again, I look forward to the testimony of our witnesses today, and I look forward to seeing if we can stem the flow from Mexico into the United States while we also stem the flow of the firearms into Mexico.

Thank you, Mr. Chairman.

Mr. ENGEL. Thank you, Mr. Green.

Mr. Klein?

Mr. KLEIN. Thank you very much, Mr. Chairman. Just to be brief, I join the comments of some of the colleagues that have already spoken and thank them.

The areas that I am interested in—it goes along with the efficiency of the amount of money being spent—is the coordination, the United States agency/interagency coordination, making sure that we are doing whatever we need to be doing in terms of making sure that the efficiency is there and one hand knows what the other is doing intelligence-wise and things like that.

Also, I am very interested, and it has already been discussed but I will reiterate my feelings on it as well, and that is weapons trafficking, a huge issue, and currency, currency issues as well, because we all know that money and drugs flow together and one is used to generate the other and there is a lot of laundering that goes on and bulk currency smuggling.

So I would be also interested from our panel today in terms of what we are doing to limit that and what we are doing with the Mexican Government to deal with that issue as well.

I thank the panel for joining us and look forward to hearing the testimony.

Mr. ENGEL. Thank you, Mr. Klein.

Ms. Giffords?

Ms. GIFFORDS. Thank you, Mr. Chairman. I want to thank everyone in advance for coming today.

I represent southern Arizona, the Tucson sector of the Border Patrol, where we currently are responsible for more than 48 percent of the nation's drug trafficking, as well as 44 percent of the human illegal immigration trafficking in the country, so when you look at the drugs and now when I met with Chief Gilbert, the head of the Border Patrol, the Tucson sector, just a couple of days ago we have now replaced Phoenix for the largest city in terms of drug trafficking in the country, Tucson, meaning the community that I live in.

We are very concerned. We obviously have a close relationship with Mexico. We are on the border with Mexico. I have one of 10 U.S. border congressional districts. I want to know very specifically what you are doing for southern Arizona in terms of drug trafficking, in terms of gun trafficking and also trafficking of criminals as well.

You know, we are on the front lines in Arizona, and I know that there is a lot of talk. For example, the NSBCS, which is the National Southwest Border Counternarcotics Strategy, talks about recommendations. They said that 53 of those recommendations of the 68 had been met, but they are classified and so we actually see no decrease in terms of what is happening on the front lines.

So there is a lot of talk, and I want to hear some real specifics about what we can be doing cooperatively to improve things for the people who live in southern Arizona.

Mr. Chairman, today I have a couple of specific questions later after the testimony, but I really want to hear specifically what is happening and what we can be doing to work more closely in cooperation and partnership.

Mr. ENGEL. Thank you, Ms. Giffords.

Mr. Faleomavaega?

Mr. FALEOMAVAEGA. Mr. Chairman, I too would like to join in the sentiments expressed by my colleague from Arizona. I am very interested in hearing from our members of the panel this morning.

Thank you.

Mr. ENGEL. Thank you very much. I would like to briefly recognize witnesses. Let me first mention all of them.

We have the Honorable Tom Shannon, the Assistant Secretary of Bureau of Western Hemisphere Affairs, U.S. Department of State; Marisa Lino, Assistant Secretary, Office of Policy and International Affairs, the U.S. Department of Homeland Security; Scott Burns, Deputy Director of the White House Office of National Drug Control Policy;

William J. Hoover, Assistant Director, Office of Field Operations of the Bureau of Alcohol, Tobacco, Firearms and Explosives of the U.S. Department of Justice; Mr. Anthony P. Placido, Assistant Administrator and Chief of Intelligence of the Drug Enforcement Administration of the U.S. Department of Justice; and Mr. Kenneth Kaiser, Assistant Director of the Criminal Investigative Division of the Federal Bureau of Investigation of the U.S. Department of Justice. Welcome.

It is a very distinguished panel, and I am delighted that you are here. You can submit your testimony for the record. You have 5 minutes each to make an opening statement. If you would like to submit your testimony and then just summarize that would be much appreciated.

I call on Secretary Shannon, Assistant Secretary of Bureau of Western Hemisphere Affairs, U.S. Department of State. Thank you.

[Disruption from audience.]

Mr. ENGEL. Excuse me. I am going to have you removed if you open your mouth one more time.

[Disruption from audience.]

Mr. ENGEL. Okay. I would please ask the police to remove this gentleman.

[Recess.]

Mr. ENGEL. I apologize for the delay. He has disrupted many of our hearings before. This is just more of the same.

I apologize and ask Secretary Shannon to begin his opening remarks.

STATEMENT OF THE HONORABLE THOMAS A. SHANNON, ASSISTANT SECRETARY, BUREAU OF WESTERN HEMISPHERE AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. SHANNON. Thank you very much, Mr. Chairman. Chairman Engel, Ranking Member Burton, other members of the subcommittee, thank you for the opportunity to appear before this committee and address the important connection between the Merida Initiative and ongoing domestic efforts to fight organized crime and drug trafficking.

On November 14, as you noted, Mr. Chairman, I testified before this committee on the Merida Initiative. At that time I described the specific aspects of the Merida Initiative as a foreign assistance program. I highlighted the important role played by President

Bush's March 2007 visit to Latin America in developing the Merida Initiative and noted the concern expressed by then President Berger of Guatemala and President Calderón of Mexico about the threat which democratic states faced from organized crime, gangs and narcotics cartels.

In Merida, Mexico, President Bush said we recognize the United States has a responsibility in the fight against drugs, including the responsibility to reduce the demand for drugs in the United States.

In Montebello, Canada, in August 2007 at a North American Leaders Summit, President Bush spoke of a common strategy to deal with the common problem of narcotrafficking and violence on our border.

President Bush and the leaders of Central America and Mexico agree that transnational crime is a regional problem which will require regional solutions. To that end, the Merida Initiative would combine each nation's domestic efforts with broader regional cooperation to multiply the effects of our actions.

The administration is committed to doing everything possible to stem the flow of arms and laundered money to Mexico and Central America where they do so much harm either in the form of violence or corruption.

Our countries' individual and cooperative strategies reflect a consensus about the threats we face and the political will to take action to address those threats. We in the United States have strong domestic initiatives in the Southwest Border Counternarcotics Strategy, ATF's Southwest Border Initiative and our coordinated anti-gang activities.

Each demands vigorous efforts within our own borders, but also includes elements of international cooperation that we must coordinate with our partners. The Merida Initiative is a foreign assistance program that provides some of the needed material resources to facilitate that coordinated action.

The effects of drug trafficking activity are clear in Mexico, along the borders, in the United States and in Central America. Just in the month of January we have seen police chiefs and their families gunned down just across our border in Mexico: Two precinct commanders and one subcommander in Tijuana on January 15; a Ciudad Juarez police captain on January 20.

The Ciudad Juarez police commander, injured in an assassination attempt on January 21, remains in an El Paso hospital under heavy guard. Three of ten men arrested for their involvement in a deadly shooting in Rio Bravo, Mexico, were United States citizens, two of them from Detroit, Michigan.

We can no longer just warn of this violence spilling over into the United States. We must acknowledge that it has. And our children are affected by gang violence in high schools even in the Washington, DC, area and ever more lethal and novel drugs seep into the interior of the United States.

President Bush has noted our shared responsibility to combat transnational crime. The illicit trafficking of arms is a major obstacle to security and economic development in Mexico and Central America. Throughout the hemisphere, terrorists groups, insurgents and drug traffickers acquire arms through illegal diversion, theft and smuggling.

My colleagues will tell you of the United States' efforts to mitigate the illicit trafficking and destabilizing accumulation of arms by means of law enforcement cooperation, bilateral technical and financial assistance and multilateral diplomacy.

The InterAmerican Convention Against the Illicit Manufacturing and Trafficking in Firearms, Ammunitions, Explosives and other Related Materials is one tool we have to limit the ability of criminal organizations to access the resources they require. CIFTA, as the convention is known, is modeled on U.S. laws, regulations and practices and would not require the enactment of new legislation. The convention does not prohibit the lawful ownership and legal use of firearms.

While ratification is up to the Senate, the Department of State programs and regulations comply with the primary obligations required under CIFTA such as licensing of exports of firearms, sharing of information, tracing of illicit firearms and stockpile management and destruction assistance.

It would ensure that other countries meet comparable standards that would enable the United States and other countries to more effectively combat illicit arms trafficking and organized crime. We share your interest in CIFTA and appreciate the importance you attach to it. Our domestic law enforcement efforts to reduce demand and control arms and cashflows going south will help cut off the oxygen which, along with fear and intimidation, sustain these criminal organizations.

The Merida Initiative is a foreign assistance program that would complement existing and planned initiatives of domestic law enforcement agencies in participating countries. The key is strengthening institutions and capacity in our partner countries so that we can do more things jointly, responding with greater agility, confidence and speed to the changing tactics of organized crime.

Representatives of those domestic agencies are here today to tell you and your colleagues on the committee about their domestic initiatives that complement what we seek to achieve through the Merida Initiative and their ongoing cooperation with our partners in Mexico and Central America.

Thank you very much, Mr. Chairman.

[The prepared statement of Mr. Shannon follows:]

PREPARED STATEMENT OF THE HONORABLE THOMAS A. SHANNON, ASSISTANT SECRETARY, BUREAU OF WESTERN HEMISPHERE AFFAIRS, U.S. DEPARTMENT OF STATE

Chairman Engel, Ranking Member Burton and Members of the Subcommittee:

Thank you for the opportunity to appear before this Committee and address the important connections between the Merida Initiative and ongoing domestic efforts to fight organized crime and drug trafficking.

As you will recall, on November 14, 2007 I testified before this committee on the Merida Initiative. At that time, I described the specific aspects of the Merida Initiative as a foreign assistance program. I highlighted the important role played by President Bush's March 2007 visit to Latin America in developing the Merida Initiative, and noted the concern expressed by then-President Berger in Guatemala and President Calderon in Mexico about the threat which democratic states faced from organized crime, gangs and narcotics cartels. In Merida, Mexico President Bush said we "recognize the United States has a responsibility in the fight against drugs," including the responsibility to reduce the demand for drugs in the United States. In Montebello, Canada in August of 2007, President Bush spoke of "a common strategy to deal with [the] common problem" of "narco-trafficking and violence on our border."

Presidents Bush and the leaders of Central America and Mexico agree that transnational crime is a regional problem, which will require regional solutions. To that end, the Merida Initiative would combine each nation's domestic efforts with broader regional cooperation to multiply the effects of our actions. The Administration is committed to doing everything possible to stem the flow of arms and laundered money to Mexico and Central America, where they do so much harm, either in the form of violence or corruption.

Our countries' individual and cooperative strategies reflect a consensus about the threats we face and the political will to take action to address those threats. We in the United States have strong domestic initiatives in the National Southwest Border Counternarcotics Strategy, ATF's Southwest Border Initiative, and our coordinated anti-gang activities. Each demands vigorous efforts within our own borders, but also includes elements of international cooperation that we must coordinate with our partners. The Merida Initiative is a foreign assistance program that provides some of the needed material resources to facilitate that coordinated action.

The effects of drug trafficking activity are clear in Mexico, along the borders, in the United States and in Central America. Just in the month of January, we have seen police chiefs and their families gunned down just across our border in Mexico: two precinct commanders and one sub-commander in Tijuana on January 15; a Ciudad Juarez police captain on January 20. The Ciudad Juarez police commander, injured in an assassination attempt on January 21, remains in an El Paso hospital under heavy guard. Three of ten men arrested for their involvement in a deadly shooting in Rio Bravo, Mexico were U.S. citizens, two of whom were from Detroit, Michigan. We can no longer just warn of this violence spilling over into the United States, we must acknowledge that it has. And our children are affected by gang violence in high schools even in the Washington, DC area, and ever more lethal and novel drugs deep in the interior of the United States.

President Bush has noted our "shared responsibility" to combat transnational crime. The illicit trafficking of arms is a major obstacle to security and economic development in Mexico and Central America. Throughout the hemisphere, terrorists groups, insurgents, and drug traffickers acquire arms through illegal diversion, theft and smuggling. My colleagues will tell you of the United States' efforts to mitigate the illicit trafficking and destabilizing accumulation of arms by means of law enforcement cooperation, bilateral technical and financial assistance, and multilateral diplomacy.

In your invitation letter, you inquired about the Inter-American Convention against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives, and other Related Materials (CIFTA). CIFTA seeks to regulate the legal manufacture and trafficking of firearms, ammunition explosive and other related materials and criminalize acts of illicit manufacturing and trafficking. Department of State programs and regulations comply with the primary obligations required under the CIFTA.

Our domestic law enforcement efforts to reduce demand, and control arms and cash flows going south will help cut off the oxygen which, along with fear and intimidation, sustain these criminal organizations

The Merida Initiative is a foreign assistance program that would complement existing and planned initiatives of U.S. domestic law enforcement agencies engaged with counterparts in each participating country. The key is strengthening institutions and capacity in our partner countries so that we can do more things jointly, responding with greater agility, confidence, and speed to the changing tactics of organized crime.

Representatives of those domestic agencies are here today to tell you about their domestic initiatives that complement what we seek to achieve through the Merida Initiative and their on-going cooperation with our partners in Mexico and Central America.

Thank you for your time and I would be happy to answer any questions you may have.

Mr. ENGEL. Thank you, Mr. Shannon.
Secretary Lino? Ambassador Lino?

STATEMENT OF THE HONORABLE MARISA R. LINO, ASSISTANT SECRETARY, OFFICE OF POLICY/INTERNATIONAL AFFAIRS, U.S. DEPARTMENT OF HOMELAND SECURITY, FORMER U.S. AMBASSADOR

Ambassador LINO. Chairman Engel, thank you so much for your kind remarks at the beginning and the introduction.

Ranking Member Burton, members of the subcommittee, thank you. It is a pleasure to appear before you today and to describe the Department of Homeland Security's vision for security cooperation with Mexico and Central America, as well as what we are doing in the United States to support this vision.

DHS fully supports the Merida Initiative as an unprecedented opportunity to work closely with the Calderón administration in Mexico and our partners in Central America to enhance United States security interests, as well as those of our southern neighbors. Working on a regional basis will have a multiplier effect on the capabilities of all concerned and will permit us to more effectively tackle the transborder crime and violence plaguing us all.

We must also continue to build a unified set of our own capabilities here at home. By enhancing cooperation, both north and south, we can better counter those threats of a cross-border nature, whether organized crime, trafficking people, drugs and arms, or terrorists seeking to infiltrate our country with the capability and intent to cause real harm to the United States and its people.

DHS, along with the other agencies present today, will have an important role in implementing a number of the items and programs in the proposed Merida Initiative request if approved and funded. However, the interagency process is still refining the details of the package, and this process will further clarify which specific U.S. Government departments and agencies will support the various budget line items in the funding request.

My written testimony highlights a number of programs from our ongoing collaboration with Mexico to demonstrate how our obligations under Merida will strengthen our own security, as well as bolster Mexico's capacities to do the same. These programs work to counter the many security challenges our country faces: From drug running to possible terrorist threats; from human trafficking to gang activities; from bulk cash smuggling to arms trafficking.

A perfect example of how interagency cooperation will support Merida on the U.S. side of the border is a joint strategy based on broad principles developed by CBP, ICE, ATF and DEA aimed at identifying and disrupting the illicit cross-border trafficking of firearms and ammunition.

Discussions are ongoing to address more detailed procedures regarding coordination and information sharing, but the strategy is based on three pillars: Analysis of firearms-related data, information sharing and coordinated operations.

ATF has established the Southwest Border Gun Center in the El Paso Intelligence Center, or EPIC, which serves as a central repository for firearms-related information and intelligence.

In conclusion, I thank you for the opportunity to share news of the types of success stories our hard working men and women carry out every day to help protect our country. The partnerships we have established with our neighbors in the hemisphere are crit-

ical to this effort. We suggest building on that momentum through the Merida Initiative so that continued cooperation can be enhanced and enlarged.

DHS appreciates the importance of bilateral exchange and welcomes the support of the subcommittee and the Congress for the Merida Initiative. Only by working to combat threats from both sides of the border can we achieve a new level of success.

Thank you again for the opportunity to testify, and I look forward to your questions.

[The prepared statement of Ambassador Lino follows:]

PREPARED STATEMENT OF THE HONORABLE MARISA R. LINO, ASSISTANT SECRETARY, OFFICE OF POLICY/INTERNATIONAL AFFAIRS, U.S. DEPARTMENT OF HOMELAND SECURITY, FORMER U.S. AMBASSADOR

Chairman Engel, Ranking Member Burton, and Members of the Subcommittee on the Western Hemisphere: I thank you for this opportunity to appear before you today and describe the Department of Homeland Security's vision for security cooperation with Mexico and Central America as well as what we are doing in the United States to support this vision.

As Assistant Secretary for International Affairs at DHS, it is my job to understand the relationships between countries on matters of security, and, in particular, that between the United States and its closest neighbors in this hemisphere. To protect the homeland requires us to engage our foreign partners on issues of mutual concern.

The Department of Homeland Security fully supports the *Merida Initiative*, and what we as a government are trying to accomplish through this security cooperation initiative. Merida offers us an unprecedented opportunity to work closely with the Calderon Administration in Mexico and with our partners in Central America to enhance U.S. security interests, as well as those of our southern neighbors.

Working with the Mexicans and Central Americans on a regional basis will have a multiplier effect on capabilities and help us over the long term develop sustainable security partnerships throughout the region. DHS sees the *Merida Initiative* as an opportunity to more fully engage our Mexican and Central American counterparts to address threats common to all as well as threats to the U.S. homeland. It is only through each nation working both domestically and in collaboration with others that we are able to more effectively tackle the trans-border crime and violence plaguing us all.

We must also continue to build a unified set of our own capabilities here at home to manage the risk to the people of the United States. We must enhance cooperation both north and south, working to counter those threats of a cross-border nature, whether organized crime trafficking people, drugs, arms or terrorists seeking to infiltrate our country with the capability and intent to cause real harm to the U.S., its people and its economy.

The Department of Homeland Security has an "all threats" approach to the security of the United States. Our personnel work diligently to counter domestic as well as international threats. It is with much pride and respect for my colleagues at DHS that I share with you today some of what DHS is doing on the domestic front to combat those security concerns also identified via Merida.

The efforts of our neighbors—in this instance, Mexico and Central America—have a direct impact on the security of the United States. The Department of Homeland Security is eager to do more in this hemisphere with our southern neighbors because we believe the return will be significant in terms of enhancing security for all. "Opening the door" with some of these programs will allow us to solidify our working relationships and expand our engagement and cooperation in a region vital to our security interests. It provides us the opportunity to amplify our domestic efforts significantly.

Let me highlight a few programs from our ongoing collaboration with Mexico to demonstrate how cooperation with our neighbors is key to the security of the United States and how our obligations under *Merida* will strengthen our own security as well as bolster Mexico's capacities to do the same on both its northern and southern borders. These programs work to counter the many security challenges our country faces: from drug running to possible terrorist threats; from human trafficking to gang activities; and from bulk cash smuggling to arms trafficking.

BORDER ENFORCEMENT SECURITY TASK FORCE (BEST)

The Border Enforcement Security Task Force (BEST) program was proposed in 2005 as the Department of Homeland Security's approach to combat cross-border criminal activity and violence along our southern border with Mexico. In 2006, Secretary Chertoff adopted the BEST initiative to bring together federal, state, local and foreign law enforcement resources in an effort to identify, disrupt, and dismantle organizations seeking to exploit vulnerabilities along the southern border and threaten the overall safety and security of the American public. Immigration and Customs Enforcement (ICE), Customs and Border Protection (CBP) and DHS' Intelligence and Analysis Directorate personnel work cooperatively with other law enforcement entities to take a comprehensive approach towards combating criminal organizations involved in cross-border crimes. One of the primary missions of the BESTs is to prevent the illegal exportation of firearms from the United States into Mexico, a particular concern of the Mexican government. The government of Mexico agreed to assign full-time representatives to each of the BESTs.

The BEST program is one of our most highly successful southern border law enforcement programs. In an effort to stem the flow of weapons being smuggled illegally into Mexico, ICE is utilizing the investigative strengths of both the U.S. and Mexican representatives to the BESTs to identify and prosecute those who would seek to illegally export weapons to Mexico, which also supports the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) in their mission.

OPERATION AGAINST SMUGGLERS INITIATIVE ON SAFETY AND SECURITY (OASISS)

Since August 2005, Customs and Border Protection (CBP) has worked closely with Mexican officials in a bilateral alien smuggler prosecutions program called Operation Against Smugglers Initiative on Safety and Security (OASISS). OASISS is a joint initiative between the U.S. and Mexico that enables Mexican courts to prosecute smugglers for crimes committed in the border region. Through OASISS, both governments are able to track and record prosecution efforts on both sides of the border. The intent of the program is to target alien smugglers and human traffickers operating in the immediate border region. The OASISS program has had a significant and positive impact on operations, and furthering smuggling investigations both in the United States and Mexico. Due to current expansion and awareness of the OASISS program, the number of alien smuggling cases generated from Fiscal Year 2006 to Fiscal Year 2007 decreased 12%, as well as the number of smugglers prosecuted, which also decreased 70% during the same time period. This decrease is a direct reflection of the success of the OASISS program as a tool to prevent and, especially, to deter human smuggling along the southwest border. The *Merida Initiative* proposal for Fiscal Year 2008 supplemental funding would further expand OASISS to more locations along the border, with the final goal being full coverage from Baja, California to the state of Tamaulipas. Future plans include the possibility of expanding the OASISS program to Mexico's southern border with Guatemala.

BULK CASH SMUGGLING INTO MEXICO

Immigration and Customs Enforcement (ICE) has a number of programs to address the problem of bulk cash smuggling. One of these, "Operation Firewall," addresses the threat of bulk cash smuggling via commercial and private passenger vehicles, commercial airline shipments, airline passengers, and pedestrians transiting to Mexico along the southern border. ICE and Customs and Border Protection (CBP) have conducted various Operation Firewall operations with Mexican Customs and the Mexican Money Laundering Vetted Unit. ICE plans to expand existing Operation Firewall operations to include additional border crossing locations along the southern border with Mexico. All significant Operation Firewall seizures result in criminal investigations with the goal of identifying the source of the funds and the responsible organizations.

ICE is also establishing a Trade Transparency Unit (TTU) with Mexico. The mission of the TTU is to identify cross-border trade anomalies, which are indicative of trade-based money laundering. Under this initiative, ICE and law enforcement agencies in cooperating countries establish TTUs to facilitate the exchange of import/export data and financial information. The establishment of a TTU with Mexico is currently underway. ICE will provide Mexico TTU representatives with an in-depth training on the Data Analysis and Research for Trade Transparency System (DARTTS). ICE will also install the system, and provide expert technical support. Once fully trained, Mexican TTU representatives will be able to use trade data to develop criminal targets involved in crimes such as tax evasion, customs fraud, and

trade-based money laundering. The establishment of a Trade Transparency Unit (TTU) in Mexico City will benefit both Mexico and the United States in their efforts to combat criminal organizations.

FIREARMS TRAFFICKING

Customs and Border Protection (CBP), Immigration and Customs Enforcement (ICE), the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), and the U.S. Drug Enforcement Administration (DEA) have developed a joint strategy aimed at identifying and disrupting the illicit cross border trafficking of firearms and ammunition. ATF, ICE and CBP agree upon broad principles as part of an interagency strategy to identify, investigate, and interdict the illicit cross-border trafficking of firearms and ammunition into Mexico. Discussions are ongoing to address more detailed procedures regarding the coordination of multi-agency operations and information sharing. ATF has established the Southwest Border Gun Center in the El Paso Intelligence Center (EPIC), which serves as a central repository for firearms-related information and intelligence.

ICE's Weapons Smuggling Initiative seeks to identify, dismantle and disrupt transnational criminal networks responsible for smuggling illegal weapons and ammunition from the United States into Mexico, posing a threat to the overall safety and security of both countries. The initiative incorporates an investigative response by a vetted investigative unit to weapons seizures at Mexican ports of entry, as well as investigation of related border security vulnerabilities. In addition, ICE works in conjunction with CBP to facilitate interdiction enforcement operations based on intelligence generated through this bilateral initiative.

The programs mentioned demonstrate the Department of Homeland Security's "all threats" approach to security and law enforcement and show how integral these efforts are to the safety and security of the United States. The programs demonstrate how DHS—by partnering with local, state, and tribal officials as well as with foreign governments—is working to keep America a safer place from terrorism. This is a prime example of how our domestic actions, when coupled with the domestic actions of Mexico and the countries of Central America—as well as the joint actions we hope to embark on under the *Merida Initiative*—create a unified effort in the fight against transnational organized crime.

BILATERAL STRATEGIC PLAN

In August 2007, Mexican Customs, ICE, and CBP signed a Bilateral Strategic Plan to fight trans-border crime. The Bilateral Strategic Plan strengthens cooperation in matters related to law enforcement by expanding existing institutional cooperation mechanisms and establishing new programs of collaboration designed to fight trafficking and smuggling of prohibited goods, fraud, and related crimes. The Plan establishes four working groups addressing capacity building, border management, customs security and law enforcement. All four working groups were formally launched in November 2007. The working groups will expand on existing cooperation to coordinate and implement joint security initiatives, efficient border management, integrity and capacity building assistance and joint enforcement and interdiction initiatives. The goal of these efforts is to enhance the security of our southern border with Mexico.

BORDER VIOLENCE PROTOCOLS (BVP)

On March 3, 2006, a bi-national action plan to combat border violence and improve public safety was signed by Secretary Chertoff and his counterpart in Mexico. This action plan set forth goals and objectives to ensure the appropriate law enforcement agencies of the respective governments would work together to provide an effective comprehensive joint response to incidents of cross-border violence and crime. In response to this plan, CBP created a headquarters bi-national working group to oversee the development and implementation of Border Violence Protocols (BVP) along the southwest border. These protocols serve as a mechanism to facilitate operational response to incidents, with CBP, ICE and their Mexican counterparts coordinating together. The US government and the Mexican government have incorporated state and local police activities into the protocols. The Border Violence Protocols have now been instituted along the entire US-Mexico border and are working efficiently and effectively. The Border Violence Protocols are another example of how the United States and Mexico are working closely together to create a safer and more secure border region.

GLOBAL TRAFFICKING IN PERSONS

ICE is also working to combat human trafficking by applying its expertise to counter this humanitarian and security problem. Organized syndicates exploit the vulnerability of the human condition to turn a profit. This crime is not limited by our borders, as many of the victims are forced to work in brothels and other nefarious businesses throughout our country.

The President's \$50 Million Trafficking in Persons (TIP) Initiative was established in 2003 to assist foreign countries in combating trafficking in persons. The TIP Senior Policy Operating Group (SPOG) identified eight countries to receive funding to combat trafficking in persons. ICE has also created a position of Global Trafficking in Persons (G-TIP) Coordinator to identify, develop, implement and coordinate these projects under the President's Initiative. ICE coordinates a G-TIP law enforcement initiative in Mexico centered on foreign law enforcement capacity building to include TIP/Sex Tourism training, establishing vetted units, rescuing trafficking victims, and providing support to prosecutors

NON-INTRUSIVE INSPECTION TECHNOLOGY (NII) TRAINING

CBP employs Non-Intrusive Inspection Equipment (NIIE) technology at all land ports of entry. This technology ensures a large percentage of conveyances are examined in a non-intrusive manner for contraband while permitting the smooth flow of legitimate trade and travel. While it would require four officers approximately four hours to unload and thoroughly examine a commercial conveyance full of cargo, a large-scale NII system can produce x-ray images of the conveyance and cargo permitting two officers to conduct an equivalent examination in a matter of a few minutes (e.g. three to five minutes). This technology also prevents unnecessary damage to conveyances and cargo caused by manual methods and allows the officers utilizing the technology see into areas that otherwise cannot be examined. This technology not only ensures contraband does not cross the border but also enables us to keep our country safe from weapons of mass destruction entering our country.

U.S. COAST GUARD

The U.S. Coast Guard has a number of cooperative programs with Mexico and Central America in a variety of areas, including port security, search and rescue, environmental response, and other programs, including with the Mexican Navy. In the area of enforcement, for example, in recent months the U.S. Coast Guard has seen a significantly increased level of cooperation with the Mexican government in obtaining authority to stop, board, and search Mexican flagged vessels, or vessels claiming Mexican nationality, which are suspected of drug smuggling. This includes recent cases in which the Mexican government authorized a boarding in less than two hours. Previously, the Coast Guard had encountered extensive difficulties in receiving this authority. The efforts of the Coast Guard Attaché working from the U.S. Embassy in Mexico City with Mexican counterparts have greatly contributed to the enhanced cooperation and the establishment of a stronger working relationship with the Mexican government in the war on drug smuggling. The U.S. and Mexican participation in summits with other regional partners and exchanges of information about each nation's respective laws applicable to maritime drug smuggling and about experiences in maritime counter-drug operations continue to strengthen the working relationship between our two countries.

CONCLUSION

In conclusion, I thank you for the opportunity to share news of the types of success stories our hard-working men and women carry out every day to help protect our country. The partnerships we have established with our neighbors in the hemisphere are critical to this effort. Through the exchanges of information and intelligence, as well as discussions of key issues, we work with Mexico and Central America to identify and address issues of concern and threats both sides combat. We suggest building on that momentum through the *Merida Initiative* so that forward movement not be lost and continued cooperation be enhanced and enlarged. Swift and prompt response is critical to interdicting and deterring those who would do us harm and those engaged in criminal endeavors. DHS appreciates the importance of bilateral exchange and welcomes the support of the Subcommittee and the Congress for the *Merida Initiative*. Only by working to combat threats from both sides of the border can we achieve a new level of success.

Thank you again for the opportunity to testify at this hearing, and I look forward to your questions.

Mr. ENGEL. Thank you very much.
Director Burns?

STATEMENT OF THE HONORABLE SCOTT BURNS, DEPUTY DIRECTOR, WHITE HOUSE OFFICE OF NATIONAL DRUG CONTROL POLICY

Mr. BURNS. Chairman Engel, Ranking Member Burton and distinguished members of the subcommittee, thank you for the opportunity to testify about how the United States is coordinating its domestic actions with the counter drug efforts being undertaken by the Government of Mexico and the nations of Central America.

I have provided written testimony, but I would like to highlight three key issues. First, timing. The timing could not be better, but it is essential to move quickly. President Calderón of Mexico has committed his administration and his government's considerable resources, including elements of the military, to confronting Mexico's greatest national security threat: Organized crime and corruption.

That threat was graphically embodied last year when Mexico witnessed a doubling of the number of police officers killed, as you mentioned, Chairman Engel, in the line of duty and buried over 2,000 victims of battles waging in the criminal groups that control drugs, weapons and money.

In Central America, criminal gains financed their operations through drug smuggling and human trafficking, and there is some indication that they are better armed and more powerful than law enforcement.

It must be done quickly to preserve the political momentum and reduce the time available for the cartels to adjust to compromise our investment.

Second, this effort is about reducing the drug supply and demand. Consistent with the premise that we are most effective when we facilitate what partner countries would do for themselves, our assistance is founded on the idea of building on structures that are already in place in Mexico.

For example, Mexico has an extensive national net of public health facilities, but community level providers are seldom trained to recognize, much less treat, drug abuse particularly in rural areas. Local facilities are not linked.

Mexico requested help in developing a Web-based system with potential to bring training to localities, gather statistical information essential for defining treatment and prevention priorities and give local service providers access to the best practices information.

The first tranche of the Merida Initiative would make \$15.2 million available for a national communication system to maximize the demand reduction capacity that they already have. For our part we understand that the United States drug consumption provides much of the demand-pull that makes trafficking in illegal drugs such a potentially profitable crime.

There are three programs that I will discuss in depth in response to your questions. We have reduced drug abuse by youth in the United States by nearly one-quarter between 2001 and 2007. We consider our duty to complement Mexican and Central American efforts by continuing to shrink our demand.

Finally, the Merida Initiative is an integral part of a larger strategy to permanently reduce the drug availability in the United States. We are working with the Government of Colombia to reduce coca and cocaine production, and by ratification of the Free Trade Agreement we can help create economic conditions to accelerate an end to the illegal drug business there.

As law enforcement colleagues will discuss, we are bringing pressure against multiple elements of the illicit drug business simultaneously. These include the southbound traffic in bulk cash and weapons through market disruption, interdiction, and organizational attacks that extends from the source countries through the transit zone and into the United States we have shown that flow can be reduced.

The latest DEA reporting indicates a sharp increase in the street price of cocaine with a 44-percent increase in the price for pure gram between January and September 2007. In short, our national drug control efforts are having a positive impact as there is less cocaine available on our streets.

The Merida Initiative will build the capacity of our friends to permanently shut the door on the largest in-flow of illegal drugs into the United States. It will force traffickers to try unchartered territory, take chances with new associates and increase their risks and their cost.

Just as the Medellin and Cali cartels were destroyed when law enforcement was provided with the equipment and intelligence it needed to attack them, the Merida Initiative provides tools to dismantle today's leading cartels and leave them with little space to regroup.

The Initiative offers an excellent opportunity to join effectively with our geographically closest allies against the common threat. I urge you to support, and I thank you for your attention and would be pleased to answer any questions.

Thank you.

[The prepared statement of Mr. Burns follows:]

PREPARED STATEMENT OF THE HONORABLE SCOTT BURNS, DEPUTY DIRECTOR, WHITE
HOUSE OFFICE OF NATIONAL DRUG CONTROL POLICY

Chairman Engel, Ranking Member Burton, distinguished Members of the Subcommittee:

Thank you for the opportunity to testify about how the United States is coordinating its domestic actions to complement the major counter-drug efforts being undertaken by the Governments of Mexico and the nations of Central America in the context of the Merida Initiative. Other witnesses have addressed in a variety of fora the advantages of moving rapidly and decisively with our partners to uproot the infrastructure of violence and corruption that threatens public security and in some instances undermines democratic rule. Implementing the Merida Initiative, by providing the supplemental funding necessary for equipment, training, and institutional strengthening, is essential to empower our democratic neighbors to destroy the gangs and drug mafias that operate in their national territories. In addition to helping our friends address their national security threats, we also hope that the Merida Initiative will contribute to reducing the quantity of drugs that enter the United States, and, in close cooperation with the Merida partner nations, destroying the linked multinational criminal enterprises that threaten public security in all of our countries. In these remarks I will describe U.S. programs to reduce drug-flow across the southwest border by decreasing the demand for those drugs, as well as U.S. efforts to control the supply of drugs coming across the Southwest border in coordination with our allies.

I would be remiss, however, if I didn't open my testimony with some very good news. The latest DEA reporting indicates a sharp increase in the street price of co-

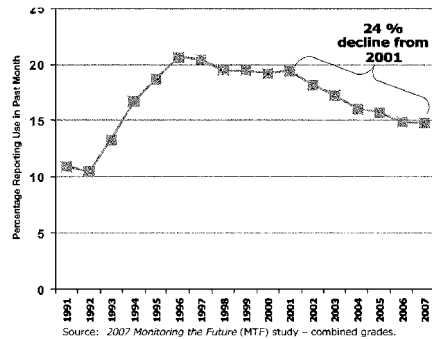
caine with a 44 percent increase in the price per pure gram between Jan–Sept of 2007. Average price per pure gram of cocaine is now \$136.93 (compared to \$95.35 in Jan). Purity of cocaine has dropped by 15 percent in the same period of time. Authorities in thirty-seven U.S. cities reported various levels of decreased cocaine availability; some of these reports indicate cocaine has been diluted with a variety of substances to stretch limited supplies. In short, our National drug control efforts are having a positive impact, as there is less cocaine available on our streets.

REDUCING THE DEMAND FOR ILLEGAL DRUGS

We understand that U.S. drug consumption provides much of the demand-pull that makes trafficking in illegal drugs such a potentially profitable crime. The Central America/Mexico smuggling corridor exists in large part because of the lucrative U.S. drug market, combined with insufficient institutional capacity and tremendous law enforcement challenges in Mexico and Central America. The vast majority of the cocaine consumed in the United States transits from the producer countries of South America through Mexico, which is also the largest foreign supplier of marijuana and the largest foreign source of methamphetamine. Although drug abuse is increasing rapidly in Mexico and Central America, in part because of the abundance of drugs available along transit routes, the United States remains the principal market for South American manufactured drugs.

As such, the first order of domestic business for the United States is to reduce consumption. We have been successful over the last six years, cutting by nearly one-quarter the consumption rates of illicit drugs among youth.

Current Use of Any Illicit Drug Among Youth



Prevention efforts focus on youth because the potential for long-term addiction and associated physiological and neurological adverse effects is greatest among the earliest initiates. To the extent illicit drug consumption is delayed, particularly if it is delayed through young adulthood, the chance of subsequent abuse decreases dramatically.

Great progress has been made at the state and local level in reducing drug use. These local efforts, conducted by parents, teachers, coaches, faith community leaders and concerned members of the business community are highly effective because these individuals best understand the specific challenges their youth face. The Federal Government has a vital role in supporting these efforts through the Drug-Free Communities Support Program, by expanding screening, intervention, and treatment programs, and through support for drug treatment courts which provide needed services and close criminal justice supervision to non-violent offenders.

The Drug-Free Communities Support Program

Recognizing that local problems require local solutions, ONDCP in cooperation with its Federal partner, the Substance Abuse and Mental Health Services Administration (SAMHSA), administers an innovative grant program to reduce youth substance abuse, the Drug Free Communities Support Program (DFC). Unique in its ability to provide Federal funding directly to local community organizations, DFC currently supports 736 grassroots community coalitions in 49 States, the District of Columbia, Puerto Rico, and the United States Virgin Islands with grants up to \$100,000 per year per coalition for up to five years. Since 1997, an estimated \$450 million has been awarded to prevent youth drug use. The DFC program involves

more than 10,000 community volunteers working together to reach more than 31% of all youth in the United States in grades 6–12.

By supporting the development of local drug-free community coalitions, we are working with parents, youth, community leaders, clergy, educators, law enforcement, employers, and others to plan and implement an appropriate and sustainable response to local drug challenges.

Among the 2007 DFC grantees, 38 percent represent communities in economically disadvantaged areas, 23 percent urban, 41 percent suburban, and 34 percent rural.

FROM SCREENING TO RECOVERY SUPPORT: A CONTINUUM OF CARE

Despite recent reductions in drug use, many Americans continue to drink to excess, abuse prescription drugs, and use illegal drugs. Many Americans have some experience with substance abuse and its devastating effects on the person, the family, and the community.

For the thousands of Americans already suffering from substance use disorders, Federal initiatives such as SAMHSA's Substance Abuse Prevention and Treatment Block Grant and discretionary grant programs and National Institute on Drug Abuse (NIDA) sponsored research on drug abuse and addiction support State and community efforts to deliver the treatment services needed to achieve and maintain recovery.

Recognizing that addiction to substances is a treatable disease and recovery is possible, the Administration has supported innovative and effective programs designed to help expand treatment options, enhance treatment delivery, and improve treatment outcomes. By screening for substance use in the medical system, more Americans who are in need of interventions or treatment are being identified early and receiving services. Identifying substance use early may also stop the disease from progressing to addiction and reduce the need for long-term inpatient treatment—a costly and complex process involving long-term interaction with counselors, agencies, and professional services. Through the President's Access to Recovery Program, approximately \$400 million has been devoted to delivering a comprehensive spectrum of services tailored to the individual, including recovery support services.

SCREENING AND BRIEF INTERVENTION

In 2003, the Federal government began providing funding to support screening and brief intervention programs in States and tribal communities through Screening, Brief Intervention, and Referral to Treatment (SBIRT) cooperative agreements administered by SAMHSA. As of December 2007, over 577,436 clients in 11 States have been screened. Approximately 23 percent received a score that triggered the need for further assistance. Of this number, 15.9 percent received a brief intervention, 3.1 percent received brief drug treatment, and only 3.6 percent required referral to specialized drug treatment programs.

Outcome measures from the Federal program reveal that screening and brief intervention helps reduce substance abuse and related consequences, including emergency room and trauma center visits and deaths. Screening and brief interventions also increase the percentage of people who enter specialized treatment, have a positive impact on factors that enhance overall health, and may provide a shield from further drug use, including improvements in general and mental health, employment, and housing, and a reduction in arrests. Results from these Federal programs persist even 6 months after a brief intervention. Moreover, cost-benefit analyses of Federal programs have demonstrated net health care cost savings from screening and brief interventions. Considering the favorable cost-benefit ratio of Screening and Brief Intervention, it is a program that may be adaptable to the circumstances of drug abuse in Mexico and Central America, and could be facilitated by creating a web-based communications network that would spread its benefits rapidly to the community level and those lacking access to other forms of treatment.

Screening helps identify a large group of persons at risk for substance abuse disorders, particularly those who are unaware of or reluctant to acknowledge the consequences of their drug using behavior. For those who are referred to specialized treatment services as a result of screening, involvement with the criminal justice system, or on their own initiative, SAMHSA has made targeted efforts to provide services to underserved populations and to increase the number of treatment slots, providers, and modalities.

BREAKING THE CYCLE OF ADDICTION: MAINTAINING RECOVERY

Concerned about treatment for Americans whose “fight against drugs is a fight for their own lives,” the President announced Access to Recovery (ATR) in his 2003 State of the Union address. Starting in 2004, Congress appropriated approximately

\$98 million per year over 3 years for the first ATR grants in 14 States and one tribal organization.

ATR, which is administered by SAMHSA, expands substance abuse treatment capacity, promotes choices in both recovery paths and services, increases the number and types of providers, allows clients through use of voucher systems to play a more significant role in the development of their treatment plans, and links clinical treatment with important recovery support services such as child care, transportation, and mentoring.

As of September 30, 2007, more than 190,000 people with substance use disorders have received clinical treatment and/or recovery support services through ATR, exceeding the 3-year target of 125,000.

DRUG COURTS: TREATING SUBSTANCE ABUSING OFFENDERS

For many Americans, substance abuse can lead to involvement with the criminal justice system. With 32 percent of State prisoners and 26 percent of Federal prisoners reporting in 2004 that they had committed their crimes while under the influence of drugs, connecting offenders with substance abuse treatment through drug courts, during incarceration, or after release back into the community is an important component of the Nation's strategy to heal drug users.

For nonviolent drug offenders whose underlying problem is substance use, drug treatment courts combine the power of the justice system with effective treatment services to break the cycle of criminal behavior, alcohol and drug use, child abuse and neglect, and incarceration. A decade of drug court research indicates that it reduces crime by lowering rearrest and conviction rates, improves substance abuse treatment outcomes, reunites families, and produces measurable cost benefits.

A recent study in Suffolk County, Massachusetts, found that drug court participants were 13 percent less likely to be re-arrested, 34 percent less likely to be re-convicted, and 24 percent less likely to be reincarcerated compared to probationers.

In line with their effects on crime rates, drug courts have proven to be cost-effective. One analysis in Washington State concluded that drug courts cost an average of \$4,333 per client, but save \$4,705 for taxpayers and \$4,395 for potential crime victims, thus yielding a net cost-benefit of \$4,767 per client. An analysis in California concluded that drug courts cost an average of about \$3,000 per client, but save an average of \$11,000 per client over the long term.

U.S. ILLICIT DRUG SUPPLY REDUCTION STRATEGY ALONG THE SOUTHWEST BORDER

In addition to the Merida Initiative which is fundamentally a foreign assistance or security assistance package, the United States has developed a National Southwest Border Counternarcotics Strategy (SWBS) that provides 68 specific objectives and seven strategic goals for U.S. agencies operating along the border. Although the SWBS was developed through the inter-agency process prior to the Merida Initiative, the two programs are complementary. The SWBS is primarily a domestic coordination plan, focused on actions to be taken by U.S. agencies to reduce the flow of illegal drugs through the achievement of objectives in seven key areas:

- Intelligence Collection and Information Sharing;
- Interdiction at ports of entry;
- Interdiction between ports of entry;
- Aerial detection and response;
- Investigations and prosecutions;
- Financial crime; and
- Improved cooperation with Mexico.

Lead agencies with responsibility for achieving SWBS objectives are assigned according to agency expertise and operational experience. The SWBS primarily is designed to improve operational coordination in a resource neutral way among U.S. agencies for the achievement of priority objectives. DHS and DOJ continue to oversee a national implementation effort involving Federal, State, local, and private sector entities. This effort will also coordinate adjustments to the Strategy as new challenges emerge in the rapidly changing security environment on the Southwest Border. The SWBS must be updated in 2009, based on statutory requirements included in the ONDCP Reauthorization.

The portion of the SWBS related to U.S. actions in collaboration with Mexico identifies elements such as sharing improved inspection technology, collaboration with specialized law enforcement units, building on Mexico's anti-methamphetamine strategy, and enhancing the capacity to investigate and prosecute major drug traffickers on both sides of the border. These elements can be clearly seen in the pro-

posals to Congress for the Merida Initiative. For example, the vetted units enhance Mexican law enforcement capacity and at the same time offer a reliable counterpart for U.S. law enforcement.

Some of the most valuable programs now underway, or soon to be implemented to achieve these objectives include:

- Increased priority for Operation Gatekeeper, a DEA-led OCDETF initiative to shut down organizations that control drug crossing points in the U.S. and Mexico.
- Multi-agency enforcement efforts being pursued by OCDETF Co-Located Strike Forces in Houston (with satellite branches in McAllen and Laredo) and San Diego.
- Expanded U.S. efforts against bulk cash smuggling into Mexico, led by DEA and ICE.
- Heightened emphasis on stopping illegal weapons smuggling into Mexico, led by ATF and ICE.
- Ongoing coordination with the Department of Homeland Security to assure that counter-drug measures are built into the Secure Border Initiative.

In addition to what is occurring as part of the SWBS, ONDCP implemented in 2006 the SWB Flow Project which provided federal agencies with an assist from the additional resources and focus of the regionally coordinated Southwest Border High Intensity Drug Trafficking Area Program on illicit drug activities along the border. This project was started to complement the SWBS. The SWB HIDTA encompasses four states, 47 counties, and has 92 initiatives. As a result of increased cooperation with the task forces charged with implementing the initiatives, marijuana seizures have increased along the entire border. In California, West Texas, and South Texas all of the initiatives met their expected seizure goals for 2006 and in most cases exceeded them. In Arizona and New Mexico many of the initiatives met their expected goals. We expect to see a marked improvement in Arizona and New Mexico as they streamline their operations.

My colleagues from the operational agencies will be able to provide a more in-depth review of programs they have undertaken in support of SWBS objectives. Oversight of progress toward specific objectives of the SWBS is exercised by the Office of National Drug Control Policy, and more directly by the Office of Counter-narcotics Enforcement at the Department of Homeland Security, and the Department of Justice.

RESULTS: IN THE REGION AND BEYOND

U.S. counter-drug cooperation with Mexico and the Central American countries is designed to take advantage of trends and a favorable political climate throughout the region. The threat of instability caused by criminal organizations with the wherewithal to intimidate or corrupt law enforcement has been clearly recognized in the region. There is a willingness in the drug transit zone to join with cooperating producer countries such as Colombia and Peru, and consumer countries such as the United States, to disrupt the illicit drug trade by eliminating key inputs and disrupting the marketing mechanism through interdiction and arrest of the criminal leadership. The United States has an opportunity to support this hemispheric trend, through passage of the Free Trade Act with Colombia, ongoing robust support for coca eradication and interdiction programs, and approval of supplemental funding for the Merida Initiative.

We have seen what is possible when political will intersects with resources under the circumstances that existed internal to the illegal drug business in 2007. Cocaine became less available in the United States. As I mentioned at the outset of my testimony, we are seeing historic impacts on the price and purity of cocaine on American streets. This progress is only possible when all component parts work together.

To sustain these remarkable results it will be necessary for the United States to do its part. I thank you for the opportunity to address this body, and urge your support for the initiatives that will turn drug control possibility into reality. With that I would be pleased to respond to your questions.

Mr. ENGEL. Thank you, Mr. Burns.
Mr. Hoover?

**STATEMENT OF THE HONORABLE WILLIAM J. HOOVER, AS-
SISTANT DIRECTOR, OFFICE OF FIELD OPERATIONS, BU-
REAU OF ALCOHOL, TOBACCO, FIREARMS AND EXPLOSIVES,
U.S. DEPARTMENT OF JUSTICE**

Mr. HOOVER. Thank you, sir. Thank you Chairman Engel, Congressman Burton and members of the subcommittee.

It is an honor to be here today with my colleagues to discuss the Bureau of Alcohol, Tobacco, Firearms and Explosives' domestic operations along the southwest border and our role in the interdiction and investigation of United States sourced firearms illegally trafficked into Mexico.

I oversee the operations of all ATF field offices. The men and women of ATF are dedicated to reducing violent crime, preventing terrorism and protecting our Nation. We have the responsibility of enforcing Federal firearms, arson and explosives laws and regulating the firearms and explosives industries.

As a law enforcement agency under the Department of Justice, ATF has the statutory authority to address violent crime and firearms trafficking in the region. We also have regulatory oversight of the businesses licensed to sell firearms, otherwise known as Federal firearms licensees or FFLs.

Mexican drug trafficking organizations have aggressively turned to the United States as a source of firearms. These weapons are used against other DTOs, the Mexican military, Mexican and United States law enforcement officials, as well as innocent civilians on both sides of the border. Our comprehensive analysis of firearms trace data over the past 3 years shows that Texas, Arizona and California are the three primary source States respectively for United States sourced firearms illegally trafficked into Mexico.

Recently the weapons sought by drug trafficking organizations have become increasingly higher quality and more powerful. These includes the Barrett 50-caliber rifle, the Colt AR-15 .223-caliber assault rifle, the AK-47 7.62 assault rifle and its variants and the FN 5.57-caliber pistols, better known in Mexico as the cop killer.

ATF has been investigating firearms trafficking in working on the southwest border for over 30 years. We have learned that interdiction alone will not stop firearms trafficking. We must locate the source of the illicitly trafficked firearms and investigate the networks that are used to traffic them, all with the goal of shutting down both the source and the network of traffickers.

Efforts to combat the flow of firearms to Mexico are not new to ATF. However, escalating gun violence along and across our border led us to initiate Project Gunrunner. Project Gunrunner is a comprehensive investigative enforcement and interdiction strategy that incorporates ATF's expertise, regulatory authority and investigative resources to attack the problem at both the domestic and international level.

Along the southwest border we have approximately 100 special agents and 25 industry operation investigators dedicated to Project Gunrunner. As the Ambassador stated, we are also expanding our presence at the El Paso Intelligence Center. At EPIC, ATF serves as the central repository and clearinghouse for all weapons-related

intelligence. We collect, analyze and share this information with United States and Mexican law enforcement.

As the sole law enforcement agency that regulates over 100,000 FFLs, of which 6,700 are in the four border States, ATF has the statutory authority to inspect the records maintained by the licensees, examine them for firearms trafficking trends and patterns and revoke the licenses of those who are complicit in firearms trafficking.

An example would be an industry operations investigation recently revealed that there was a dealer who was responsible for smuggling upwards of 2,000 firearms into Mexico. When our industry operations conducted this investigation we also found out that this dealer was obliterating the serial numbers to conceal their origin.

We intensify our outreach efforts with the firearms industry and other law enforcement agencies to reinforce the importance of identifying and reporting suspected illegal purchasers of other illicit sources of firearms intended for Mexico.

In Fiscal Year 2007, ATF conducted 34 seminars with 3,700 industry members in attendance. These seminars are provided to help those FFLs identify suspected firearms traffickers. Also, we trained law enforcement agencies at both Federal and State level in these same firearms trafficking trends.

Firearms tracing is an investigative tool that is unique to ATF. It is imperative to trace each and every firearm interdicted in both the United States and Mexico. Each seized firearm is entered into the ATF firearms tracing system database, which records specific identifying information about the firearm and provides ATF and law enforcement with the information necessary to identify the original purchaser.

From there ATF agents use a variety of investigative techniques to identify firearms trafficking networks and those FFLs who may be complicit in the trafficking of firearms.

We provided you today with some slides in a profile.

[Slide.]

Mr. HOOVER. If you take a look at the first slide in your book you will see a chart that shows the number of firearms traces. We are talking about the number of firearms recovered in Mexico and submitted for tracing per fiscal year. You can see those numbers are going up.

If you take a look at the next slide—we also have these slides on the bigger charts up front. The next slide shows the top source States for firearms recovered in Mexico for Fiscal Year 2005. You can see that Texas, California and Arizona are at the top of that.

Please flip to the next slide, which will go to Fiscal Year 2006. You see the same trends.

If you would please flip to the 2007 chart? One thing that you will notice by looking at these charts is the trend of firearms traces does not stay on the border. It is creeping increasingly northward, and it is involving more of our resources in many States throughout the country.

ATF has developed and continues to enhance an extremely effective real-time intelligence and evidence sharing network with the Mexican Government. We are working with our Mexican counter-

parts to increase the use and deployment of ATF's eTrace system within Mexico. The widespread deployment of this Web-based firearms tracing system will only enhance our ability to more quickly and more thoroughly identify sources of firearms.

Currently ATF is in the process of executing memorandums of understanding with Mexico to provide eTrace training to nine consulates in Mexico. Our goal is to deploy the eTrace system in all 31 states within Mexico. Currently our eTrace system is in Hermosillo, Monterrey, Mexico City and Guadalajara. We have future agreements to place eTrace in Tijuana, Nogales, Juarez, Nuevo Laredo, Matamoros and Merida.

In Fiscal Year 2007, under Project Gunrunner ATF has investigated 187 firearms trafficking cases. We recommended 465 defendants for prosecution and seized roughly 1,300 firearms. ATF's acting director, Michael Sullivan, announced just last month that an additional 35 special agents and 15 industry operation investigators will be permanently assigned to Project Gunrunner.

This is a significant investment as nationwide we only have approximately 2,300 special agents and 700 industry operations investigators working in the field. Even in the face of these resource limitations, ATF continues to work toward stemming the flow of illegal weapons into Mexico.

I would like to conclude by again thanking the committee for its time and for the honor of allowing me to testify on this subject. I look forward to any questions that you may ask.

Thank you.

[The prepared statement of Mr. Hoover follows:]

PREPARED STATEMENT OF THE HONORABLE WILLIAM J. HOOVER, ASSISTANT DIRECTOR, OFFICE OF FIELD OPERATIONS, BUREAU OF ALCOHOL, TOBACCO, FIREARMS AND EXPLOSIVES, U.S. DEPARTMENT OF JUSTICE

Chairman Engel, Ranking Member Burton, and distinguished Members of the Subcommittee: I am William Hoover, Assistant Director for Field Operations of the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF). I have been an agent with ATF since 1987, and in my current position I oversee the operations of all of the Bureau's field offices, including those along the Southwest Border. It is an honor to appear before you today to discuss ATF's current role in the suppression and interdiction of U.S. sourced firearms illegally trafficked into Mexico. The violence fueled by Mexico's drug cartels poses a serious challenge for both U.S. and Mexican Law Enforcement in that the drug trafficking related violence is threatening the well being and safety of citizens on both sides of the border.

Before I discuss the issue of firearms trafficking along the Southwest border, I want to provide you with background information about ATF. ATF is a law enforcement agency within the Department of Justice dedicated to reducing violent crime, preventing terrorism and protecting our Nation. The men and women of ATF perform the dual responsibilities of enforcing Federal firearms and explosives laws and regulating the firearms and explosives industries. We are committed to working directly, and through partnerships, to investigate and reduce violent crime involving firearms and explosives, acts of arson, and illegal trafficking of alcohol and tobacco products.

ATF has a strategic role in investigating violent crime along the Southwest border. ATF has statutory authorities to address violent crime and firearms trafficking in the region as we have regulatory oversight over Federal Firearms Licensees (FFL), from whom all new guns are purchased.

ATF is engaged in the interdiction and abatement of the flow of U.S sourced firearms into Mexico for use by major drug trafficking organizations (DTO). ATF's expertise and involvement in identifying, disrupting, and dismantling illegal sources of firearms to Mexico is not a new development. We have been engaged in utilizing our crime-fighting expertise, assets, and regulatory inspection authority to stem the flow of U.S. sourced firearms to DTOs. Further, ATF's partnerships and participa-

tion in task forces, such as the Organized Crime Drug Enforcement Task Force, enable ATF to gain the benefits of each partner's expertise and specific authorities and engage in real-time communication to effectively and efficiently combat the illicit trafficking of firearms and consequent violent crime.

ATF has long been committed to investigating and disrupting groups and individuals who utilize firearms trafficking as a means to facilitate the drug trade on both sides of the border through the use of firearms illegally obtained in the U.S. and subsequently smuggled into Mexico. As you know, President Calderon and Attorney General Medina Mora have identified the cartel-related violence as a top priority and recently proclaimed the illegal trafficking of U.S.-sourced firearms the "number one" crime problem affecting the security of Mexico today.

Public safety along the U.S.-Mexico border has deteriorated considerably and Mexico has seen nearly four years of intensified turf battles between the three major DTOs operating within Mexico. Ironically, these battles for control over lucrative narco-corridors into the U.S. from Mexico are the result of intense U.S. and Mexican law enforcement and military counter-narcotics operations and extraditions that commenced in late 2003 targeting the leaders of the most prolific Mexican DTOs. In seeking to gain control of the disputed corridors, namely the Baja/Tijuana, Sonora/Nogales and Nuevo Laredo corridors, DTOs and their enforcers have more aggressively turned to the U.S. as a source of firearms. The weapons are then used against other DTOs, the Mexican Military, Mexican and U.S. law enforcement officials, as well as innocent civilians on both sides of the border.

Intelligence gathered by ATF and other domestic Federal law enforcement entities strongly suggests that the DTOs have tasked their money laundering, distribution and transportation apparatuses, all of which reach across the border into the United States, to acquire firearms for illegal transfer back to Mexico for use in facilitating narco-trafficking and other criminal activities. These DTOs are comprised of loosely affiliated individuals and/or groups used to facilitate all aspects of the illicit drug and gun trade between Mexico and the U.S. We know that these same groups are employed by DTOs to transport narcotics and firearms and to launder narcotics-related proceeds, are highly functional in every major city—on both sides of the border—where the DTOs conduct drug trafficking operations. The major challenge for both U.S. and Mexican law enforcement is to identify, disrupt and to ultimately dismantle these DTO infrastructures as a means to decrease the demand for U.S. sourced firearms.

The increased incidence of firearms trafficking to Mexico (from the U.S.) is influenced by numerous factors, including:

- The strict prohibition and regulation of firearms in Mexico; coupled with the increased enforcement efforts by the Mexican government and the increased demand for firearms by the DTOs;
- A readily accessible source of firearms and ammunition originating in mostly the secondary market such as gun shows, flea markets and private sales;
- Illegal "straw purchases" of firearms from FFLs who are often unwitting participants in these schemes.

In analyzing the data collected through ATF's investigative and regulatory operations that have been focused on the abatement of illegal firearms trafficking to Mexico, there is more than enough evidence to indicate that over 90 percent of the firearms that have either been recovered in, or interdicted in transport to Mexico, originated from various sources within the United States. An in-depth, comprehensive analysis of firearms trace data over the past three years shows that Texas, Arizona and California are the three most prolific source states, respectively, for firearms illegally trafficked to Mexico. In FY 2007 alone, approximately 1,112 guns which originated in Texas, Arizona and California were submitted for tracing from Mexico. For all other U.S. States in FY 2007, approximately 435 guns were submitted for tracing from Mexico. It should be noted, however, that although the greatest proportion of firearms trafficked to Mexico are originating out of the U.S. States along the Southwest border (namely Texas, Arizona and California), ATF trace data has established that cartels are also acquiring firearms from other States as far east as Florida and as far north and west as Washington State.

Another challenge ATF faces is the DTOs' use of "straw purchasers." The "straw purchaser" is someone who is not prohibited from purchasing firearms but who illegally purchases firearms by posing as the actual buyer when really the guns are being purchased for firearms traffickers employed by the drug cartels. Although "straw purchasing" is a tactic used by cartels to acquire firearms through the U.S. market, straw purchasers and schemes can be exceptionally difficult to identify.

In addition to straw purchases, DTOs understand the ease with which used firearms can be purchased from individuals without records or background checks.

Until recently, the DTO's "weapons of choice" had been .38 caliber handguns. However, recent trace data of firearms seized in Mexico and "Stateside" interdictions of firearms bound for Mexico shows that cartel members and enforcers have now developed a preference for higher quality, more powerful weapons. The most common of these firearms now includes the Colt AR-15 .223 caliber assault rifle, the AK-47 "type/variant" 7.62 caliber assault rifle, FN 5.57 caliber pistols (better known in Mexico as the "Cop Killer," . . . or "Asesino de la Policia"). In conjunction with the dramatic increase in U.S. source firearms that have either been recovered in Mexico, or interdicted prior to reaching Mexico, ATF also routinely seizes small arms and assault rifle ammunition destined for Mexico. ATF has also seized large quantities of .50 caliber ammunition for use in high-caliber weapons.

A recent seizure that occurred in connection with an ATF case in the Phoenix Arizona area culminated in the arrest of 16 individuals, the recovery of 16 "weapons of choice" rifles, 19 handguns, \$13,000 in cash, a vehicle, 60 high-capacity magazines for AK-47 variants, and nearly 10,000 rounds of ammunition. In addition to the physical acquisitions, a significant amount of intelligence was gathered on firearms trafficking in Mexico, which will assist ATF in current and future investigations.

Often, ATF is asked what can be done to significantly decrease the number of firearms originating in the U.S. that ultimately make their way into the hands of DTOs in Mexico. ATF has developed and continues to enhance an extremely effective real-time intelligence and evidence sharing network with the Mexican Government. Given current circumstances and increasing volume, however, the system has been overwhelmed on both sides of the border. ATF has found that merely seizing firearms through interdiction without thoroughly investigating the supply and trafficking infrastructure accomplishes little in terms of 'tangibly' affecting the flow of firearms to Mexico. It is imperative to trace each and every firearm intercepted before it reaches Mexico or to trace the weapon once it is recovered in Mexico.

Thus, an essential component of ATF's firearms trafficking investigations is the tracing of firearms seized in both countries. Each seized firearm is entered into the ATF Firearms Tracing System database, which records specific identifying information, i.e., serial number, manufacturer, importer and caliber, for each weapon seized. Using this information, ATF can work backwards from the point of seizure to the first retail sale, to determine the original purchaser information and possibly learn additional pertinent information such as whether other seized guns were purchased at the same time. Using all of this information, ATF is able to reconstruct the flow of weapons along the border, how and where they are being purchased, and who is purchasing them. Without such information, ATF has no way to trace the source of such firearms. Further, without being able to trace these firearms, there is no way to tell whether or not the firearms actually originated within the U.S., nor can we come to know by what means such weapons were procured and transported to Mexico. Firearms tracing is an essential starting point for identifying and eliminating illicit sources of firearms in the U.S.

As such, ATF is working with Mexican officials to increase their current usage of ATF's eTrace system. eTrace provides web based access to ATF's Firearms Tracing System to allow law enforcement both domestically and internationally the ability to trace data from firearms seized in connection with a criminal investigation. eTrace allows law enforcement to access their trace results directly and offers the ability to generate statistical reports to analyze their trace data to determine firearms trafficking trends or patterns. In addition, ATF is developing Memorandums of Understanding with Mexico to provide e Trace training to nine consulates in Mexico. This initiative should increase the amount of trace information Mexico provides to ATF each year.

From FY 2006 to FY 2007, we experienced almost 100 percent increase in the number of trace requests from Mexico. With the deployment of eTrace to the nine consulates and the eventual implementation of Spanish eTrace, these numbers should continue to increase in the coming years.

ATF is also part of the Administration's recently announced "Merida initiative." This initiative is a comprehensive U.S. strategy to address drug smuggling, firearms trafficking, and increasing violence in Mexico and Central America. If the FY 2008 supplemental is enacted, ATF would receive \$2 million through the initiative to assist in the expansion of Spanish eTrace to countries in the Central America region. Funding would also be used to deploy an ATF regional advisor to Central American countries to assist them with firearms trafficking issues. As part of the proposed Spanish eTrace expansion, ATF would provide training to Mexican and Central

American countries to ensure that the technology is utilized to the greatest extent possible.

ATF's goal is to deploy eTrace software to all thirty-one states within the Republic of Mexico. Without the expanded use of eTrace, Mexico will continue to provide only limited information and intelligence related to firearms seizures in Mexico. Without that information, ATF faces greater challenges in reducing the amount of firearms trafficked across the border.

It is clear that one of the greatest challenges facing law enforcement officials today, both on the border and throughout the country, is the increased incidence of gun-related violence. To address the overwhelming increase of violence and firearms trafficking along the Southwest border ATF has initiated "Project Gunrunner," a comprehensive strategy that incorporates ATF's expertise and resources to attack the problem both domestically and internationally.

Currently, under "Project Gunrunner," ATF has approximately 100 special agents dedicated to investigating firearms trafficking on a full-time basis and 25 Industry Operations Investigators (IOI) responsible for conducting regulatory inspections of FFLs. We are expanding our overall presence at the El Paso Intelligence Center (EPIC) as the central repository and "clearinghouse" for all weapons related intelligence collected and developed not only by all of our ATF field and Mexico offices and attaches, but also by all of the other Federal, State and local law enforcement entities involved in narcotics interdiction and investigation along the U.S./Mexico border.

Our increased staffing levels at EPIC, will allow ATF to increase its intelligence activities with other EPIC law enforcement partners stationed there, including the Federal Bureau of Investigation (FBI), the Drug Enforcement Administration (DEA), Immigration and Customs Enforcement (ICE), Customs and Border Patrol (CBP) and the Texas Department of Public Safety. ATF also works closely with these agencies' task forces which operate along the Southwest border, sharing intelligence, and conducting joint investigations.

ATF is also focusing our limited industry operations resources on and near the border region to identify FFLs who may be involved, directly or indirectly, in supplying firearms to known traffickers. As part of "Project Gunrunner" we will seek to expand inspection and compliance activities to include focused forward traces of firearms that, through historical firearms recovery and trace data have been identified as "weapons of choice" for the cartels and their enforcers.

These inspections will also seek to use firearms tracing and proactive investigative measures to identify and interdict those who pose as legitimate buyers while they are actually straw purchasing firearms for cartel members and associates who otherwise are prohibited from purchasing firearms in the U.S.

ATF is also intensifying our education and liaison efforts with the firearms industry and other law enforcement agencies to reinforce the importance of collaboration to identify and report suspected straw purchasers and other illicit sources of firearms intended for Mexico.

Internationally, we have enjoyed a strong collaborative relationship with Mexican law enforcement and other government agencies in Mexico. Over the last 15 years, ATF has had special agents permanently assigned to the U.S. Embassy in Mexico City. The agents are engaged in full time intelligence sharing with the Mexican Government as a means to gather real time information on significant seizures of firearms that originated from within U.S. Within the past year, ATF assigned additional agents to Monterrey, Mexico. Having agents permanently assigned and working side by side with Mexican law enforcement and military officials, has helped us develop and foster relationships in all corners of Mexico as a way to provide technical and investigative assistance to police and prosecutors.

In the future ATF will look to assign additional special agents and intelligence research specialists to ATF offices in Mexico, coupled with the deployment of additional agents and analysts to EPIC who will act as liaison partners with/to the other U.S. law enforcement entities operating within the Republic of Mexico. ATF is also looking to establish more pre-identified, specially vetted Mexican police officials that will allow Special Agents from the ATF field offices in U.S. border cities to work directly to exchange timely investigative information regarding seizures of suspected U.S. sourced firearms within the contiguous Mexican border states.

It January of 2008, ATF Acting Director Sullivan announced that an additional twenty-five Special Agents and fifteen IOIs will be permanently assigned to the Southwest border to curb the illegal export of U.S. sourced firearms and ammunition to Mexico.

Since ATF is a relatively small federal law enforcement agency, this accounts for a significant proportion of total available manpower and directly affects our ability to address violent crime in other parts of our country. Nationwide, we have about

2,500 Agents and about 750 inspectors. The FY 2009 budget request provides for 12 new industry operations investigators operations and \$0.9 million to increase our staffing levels in the ATF field offices along the U.S./Mexico border.

It is estimated that there are over 6,647 FFLs along the U.S./Mexico Border compared to approximately 35 IOIs and 100 special agents stationed along the border and dedicated to investigating firearms trafficking. It is a major challenge for ATF to adequately identify and disrupt the illegal sources of firearms and ammunition, while participating in the interdiction of shipments firearms and ammunition destined for Mexico. Nevertheless, in FY 2007, we investigated 187 firearms trafficking cases and recommended 465 defendants for prosecution and seized over 1,297 firearms as a result of "Project Gunrunner."

In inviting ATF to appear today, this Committee asked about whether the Inter-American Convention Against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives and other related materials (CIFTA) was in compliance with ATF regulations. While ratification is up to the Senate, ATF programs and regulations comply with the primary obligations required under the CIFTA, such as licensing of, manufacture and importation of firearms.

There should be no question that firearms trafficking is a priority for this Bureau and that it will be a priority until this issue is adequately addressed. The expansion of our "Project Gunrunner" will assign additional manpower and investigative resources to our border offices to specifically work to dismantle the criminal infrastructures that exist to procure the "deadly tools of the trade" and enable DTOs to engage in increasingly violent turf battles.

I would like to conclude by again stating that ATF has developed and is actively implementing our "Project Gunrunner" initiative which is modeled upon our border successes over the years, and that is designed to actively disrupt, deter and dismantle the criminal enterprises and infrastructures seeking to ensure a continued and viable supply of U.S. sourced firearms for criminal purposes to Mexico, but which is also designed to address and eliminate the actual sources of the firearms and ammunition that have become so readily available for criminal purposes in both Mexico and in the U.S.

Although it has proven exceptionally difficult to reduce the demand for U.S. sourced arms in Mexico, ATF will continue to attack the infrastructures and illicit sources fueling the availability and access to firearms by those who seek to further their narco-trafficking activities on both sides of the border.

I would like to thank the Committee for its time and for the honor of allowing me to testify on this subject, and I look forward to any questions you may have. I would ask that my written statement be entered into the record.

Mr. ENGEL. Thank you, Mr. Hoover.
Mr. Kaiser?

STATEMENT OF MR. KENNETH W. KAISER, ASSISTANT DIRECTOR, CRIMINAL INVESTIGATIVE DIVISION, FEDERAL BUREAU OF INVESTIGATION, U.S. DEPARTMENT OF JUSTICE

Mr. KAISER. Good morning, Chairman Engel, Ranking Member Burton and members of the subcommittee. I am pleased to be here today to discuss the FBI's involvement in the Merida Initiative.

Modern gangs increasingly attempt to spread their influence and operate across State lines and international borders. Through years of experience in combating transnational organized criminal groups, the FBI understands it is imperative we work closely with our national and international law enforcement partners to disrupt the illegal activities of these international gangs and dismantle their violent criminal enterprises.

With this goal in mind, the FBI launched the MS-13 National Gang Task Force in 2004 to coordinate and support local, State, Federal and international law enforcement operations and prosecutions. Since that time the FBI has collaborated with law enforcement entities throughout Central America in an effort to improve our knowledge base, gather accurate and actionable intelligence, and improve communications and coordination.

The Merida Initiative enhances the Bureau's longstanding efforts to enable Mexico and the countries of Central America to build their capacity to fight organized crime and drug trafficking, thus improving regional security and stability.

With the significant support and funding of the Initiative, which will allow the FBI to sharpen its focus on cross-border collaboration, the Bureau will be better equipped to investigate international criminal organizations such as the MS-13 and 18 Street Gang. These expanding partnerships with our neighbors to the south have proven to be especially fruitful in the following two contexts: The Transnational Anti-Gang Task Force. The FBI's NGTF created and implemented, with funding from OCDETF, the Transnational Anti-Gang Task Force located in El Salvador to assist in combating the growing threat posed by transnational gangs and drug cartels in Latin America.

TAG combines the expertise, resources and jurisdiction of participating agencies involved in investigating and countering transnational criminal gang activity in the United States, El Salvador, Honduras, Guatemala and Mexico. The objective of TAG is to aggressively investigate, disrupt and dismantle gangs whose activities rise to the level of criminal enterprises.

Through information sharing and open communication with the participating countries, the TAG is in a position to acquire and disseminate valuable information previously unavailable to the U.S. law enforcement agencies. For example, as a direct result of close collaboration with the PNC of El Salvador, crucial leads for a gang-related homicide investigation in Miami were developed and an individual arrested by United States authorities on immigration charges was identified as being wanted for multiple homicides in El Salvador.

The TAG has extended the reach of U.S. law enforcement and set a foundation for effective two-way communication between participating countries.

The Central American Fingerprint Exploitation Initiative called CAFÉ. Another program specifically designed to enhance cooperation, communication and intelligence sharing throughout Mexico and Central America, is the Central American Fingerprint Exploitation Initiative.

CAFÉ was developed by the FBI to collect and store existing criminal biometric data and fingerprint records from Mexico, El Salvador, Guatemala, Belize and Honduras. Once acquired, biometric data and fingerprint records are incorporated into the FBI's CJIS database and made available to all U.S. local, State and Federal law enforcement agencies.

In addition, CAFÉ enables the participating countries to conduct digital fingerprint identification and analysis through the provision of hardware and training. Since May 2006, the FBI has compared over 60,000 criminal fingerprints from Mexico, El Salvador and Belize to United States fingerprint databases.

Analysis has shown that almost 10 percent of the individuals associated with these records have had contact with domestic law enforcement entities. Of the 50,000 fingerprint records from El Salvador, for example, 4,300 were positive matches in our database.

Sharing such information across our borders is crucial for effective transnational investigations.

We have an officer exchange program. The FBI has partnered with the LAPD, the Los Angeles County Sheriff's Department and the El Salvador police to develop an international exchange program designed to enhance information/intelligence sharing and encourage constructive discourse with regard to best practices in gang investigations.

NGIC, the National Gang Intelligence Center. The FBI led NGIC is comprised of representatives from numerous law enforcement, intelligence and defense agencies. As a result of its far reaching bandwidth, the NGIC is a critical tool for the sharing of information. Intelligence derived from the above discussed initiatives and programs is provided to NGIC for analysis and dissemination. The primary consumer of NGIC information is the GangTECC, which is a multi-agency center co-located with NGIC.

Conclusion. The Merida Initiative will help greater information sharing and collaboration between the United States, Mexico and the countries of Central America. The programs discussed above, as well as others, will continue to provide a better understanding of the gang problem on a regional basis.

By working together through these partnerships, we are creating a force multiplier to make use of combined resources in the most effective way.

Thank you, Chairman Engel.

[The prepared statement of Mr. Kaiser follows:]

PREPARED STATEMENT OF MR. KENNETH W. KAISER, ASSISTANT DIRECTOR, CRIMINAL INVESTIGATIVE DIVISION, FEDERAL BUREAU OF INVESTIGATION, U.S. DEPARTMENT OF JUSTICE

Good morning Chairman Engel, Ranking Member Burton, and members of the Subcommittee. I am pleased to be here today to discuss the FBI's involvement in the Merida Initiative.

Modern gangs increasingly attempt to spread their influence and operate across state lines and international borders. Through years of experience in combating transnational organized criminal groups, the FBI understands it is imperative we work closely with our national and international law enforcement partners to disrupt the illegal activities of these transnational gangs and dismantle their violent criminal enterprises.

With this goal in mind, the FBI launched the Mara Salvatrucha (MS-13) National Gang Task Force (NGTF) in 2004 to coordinate and support local, state, federal, and international law enforcement operations and prosecutions. Since that time, the FBI has collaborated with law enforcement entities throughout Central America in an effort to improve our knowledge base, gather accurate and actionable intelligence, and improve communication and coordination.

THE MERIDA INITIATIVE

The Merida Initiative enhances the Bureau's long standing efforts to enable Mexico, and the countries of Central America, to build their capacity to fight organized crime and drug trafficking, thus improving regional security and stability. With the significant support and funding of the Merida Initiative which has allowed the FBI to sharpen its focus on cross-border collaboration, the Bureau is better equipped to investigate international criminal organizations such as the MS-13 and 18th Street Gangs. These expanding partnerships with our neighbors to the South have proven to be especially fruitful in the following two contexts.

Transnational Anti-Gang Task Force

The FBI's NGTF created and implemented, with funding from the Organized Crime Drug Enforcement Task Force (OCDETF), the Transnational Anti-Gang (TAG) Task Force to assist in combating the growing threat posed by transnational

gangs and drug cartels in Latin America. TAG combines the expertise, resources, and jurisdiction of participating agencies involved in investigating and countering transnational criminal gang activity in the United States, El Salvador, Honduras, Guatemala, and Mexico. The objective of the TAG is to aggressively investigate, disrupt, and dismantle gangs whose activities rise to the level of criminal enterprises. Through information sharing and open communication with the participating countries, the TAG is in a position to acquire and disseminate valuable information previously unavailable to U.S. law enforcement agencies. For example, as a direct result of close collaboration with the Policia Nacional Civil of El Salvador, crucial leads for a gang-related homicide investigation in Miami were developed, and an individual arrested by U.S. authorities on immigration charges was identified as being wanted for multiple homicides in El Salvador. The TAG has extended the reach of U.S. law enforcement and set a foundation for effective two-way communication between participating countries.

Central American Fingerprint Exploitation Initiative

Another program specifically designed to enhance cooperation, communication, and intelligence sharing throughout Mexico and Central America is the Central American Fingerprint Exploitation Initiative (known as CAFE). CAFE was developed by the FBI to collect and store existing criminal biometric data and fingerprint records from Mexico, El Salvador, Guatemala, Belize, and Honduras. Once acquired, biometric data and fingerprint records are incorporated into the FBI's Criminal Justice Information Services (CJIS) database and made available to all U.S. local, state, and federal law enforcement agencies. In addition, CAFE enables the participating countries to conduct digital fingerprint identification and analysis through the provision of hardware and training.

Since May 2006, the FBI has compared over 60,000 criminal fingerprints from Mexico, El Salvador, and Belize to U.S. fingerprint databases. Analysis has shown that almost ten percent of the individuals associated with these records have had contact with domestic law enforcement entities. Of the 50,000 fingerprint records from El Salvador for example, 4,300 records were positive matches in our databases. Sharing such information across our borders is crucial for effective transnational investigations.

INTELLIGENCE SHARING AND COORDINATION

To maximize the benefit from the above discussed initiatives, the FBI has coordinated the implementation and administration of the following intelligence sharing vehicles.

Law Enforcement Online (LEO)

The FBI's NGTF administers a LEO website providing user-friendly anytime and anywhere electronic communication which offers secure transmission of sensitive but unclassified global intelligence. The NGTF has a LEO Special Interest Group that allows authorized LEO subscribers to securely share information, view NGTF initiatives, support investigative operations, send/post notifications and alerts, exchange intelligence, review MS-13 global trends, view/download NGTF intelligence products and PowerPoint presentations, add subscriber comments/suggestions, review specialized training, obtain resources, have real time secure discussions, as well as many other functions. This website allows secure communication between the applicable law enforcement entities in the United States and the participating agencies in Central America.

Officer Exchange Program

The FBI has partnered with the Los Angeles City Mayor's Office, Los Angeles County Sheriff's Office (LASO), the Los Angeles Police Department (LAPD), and the Policia Nacional Civil (PNC) of El Salvador to develop an international exchange program designed to enhance information/intelligence sharing and encourage constructive discourse with regard to best practices in gang investigation and dismantlement.

Specifically, officers of the PNC gang unit, Centro Antipandillas Transnacional (CAT), will be assigned to LAPD and LASO for 30 days, participating in training and organized periods of observation with each agency. The schedule will include familiarization with community policing programs, youth recruitment prevention initiatives, gang enforcement and patrol, gang member identification and database configuration, and task force design and management.

National Gang Intelligence Center (NGIC)

The FBI led NGIC is comprised of representatives from numerous law enforcement, intelligence, and defense agencies. As a result of its far reaching bandwidth, the NGIC is a critical tool for the sharing of information. Intelligence derived from the above discussed initiatives and programs is provided to NGIC for analysis and dissemination. In addition, NGIC officials input transnational gang member data into the Violent Gang Terrorist Organization File (VGTOF) to ensure the widest possible dissemination of intelligence concerning these violent gang members.

Among the primary consumers of NGIC generated intelligence is the Gang Targeting, Enforcement and Coordination Center (GangTECC), a multi-agency center co-located with NGIC designed to serve as a critical catalyst in a unified federal effort to disrupt and dismantle the most significant and violent gangs. Senior Gang TECC investigators come from the FBI, the Bureau of Alcohol, Tobacco and Firearms (ATF), the Drug Enforcement Administration (DEA), Immigration and Customs Enforcement (ICE), the United States Marshals Service (USMS) and the Bureau of Prisons (BOP). These investigators work together to achieve maximum impact at the national level against the most violent gangs in this country.

OCDETF Fusion Center

The FBI is a member of the OCDETF Fusion Center, which was developed to collect and analyze drug trafficking and related financial investigative information and to disseminate investigative leads throughout the FBI and to other OCDETF participants.

CONCLUSION

The Merida Initiative has fostered greater information sharing and collaboration between the United States, Mexico, and the countries of Central America. The programs discussed above, as well as others, will continue to provide a better understanding of the gang problem on a regional level. Combating violent crime and gangs is a priority of law enforcement throughout this hemisphere. By working together through these partnerships, we are creating a force multiplier to make use of combined resources in the most effective way possible.

Thank you Chairman Engel and members of the Subcommittee for the opportunity to testify today concerning this important initiative. I am happy to answer any questions you may have.

Mr. ENGEL. Thank you, Mr. Kaiser.
Mr. Placido?

STATEMENT OF MR. ANTHONY P. PLACIDO, ASSISTANT ADMINISTRATOR AND CHIEF OF INTELLIGENCE, DRUG ENFORCEMENT ADMINISTRATION, U.S. DEPARTMENT OF JUSTICE

Mr. PLACIDO. Yes. Good morning. Let me add my voice to the chorus of folks at this table thanking the chairman, the ranking member and the subcommittee for holding this important hearing on a subject that DEA believes is truly important and very timely. I would also like to thank you on behalf of the men and women of DEA for your continued support.

I would ask that my formal statement be admitted for the record, and I would make some abbreviated comments now.

The Merida Initiative has been designed to complement existing U.S. law enforcement strategies. Merida funding, if approved, would provide Mexico and Central American authorities with additional resources for intelligence, enforcement and counterdrug activities, enhancing their ability to work cooperatively with each other and with United States agencies.

There is no funding requested in the Merida Initiative for law enforcement within the United States. DEA's counterdrug activities within the United States and in other foreign countries will be complemented and enhance the capabilities that the Merida Initiative would provide.

Drug trafficking is fundamentally a transnational business. The overwhelming majority of illicit drugs abused in the United States arrive from foreign locations. Money from domestic drug distribution flows back to foreign-based organizations that direct and finance this activity. As a result, DEA has long recognized the need to synchronize law enforcement activities in the United States with those in foreign countries.

Many years ago DEA changed its organizational structure and effectively abolished the Office of International Operations, choosing to address the drug threat in a more comprehensive or global manner that reflects current reality wherein it is assumed that virtually every investigation, every case if thoroughly investigated, will have both an international and a domestic component.

In fact, the DEA led multi-agency Special Operations Division, or SOD as it is known, is the centerpiece of our enforcement program. SOD identifies connections between investigations being conducted by different agencies or distinct parts of agencies often in different countries and links these efforts together into coherent, well-coordinated multi-agency operations that systematically attack entire criminal organizations regardless of geography, jurisdiction or the agencies involved with specific parts of the case.

Enhancing the capabilities of our southern neighbors will improve this process, resulting in better intelligence and ultimately better enforcement operations on both sides of our southern border.

In the interest of brevity let me discuss just a few other DEA programs that would complement the Merida Initiative. You have heard a little already about the DEA led El Paso Intelligence Center. That center will soon have representatives from the Government of Mexico and the Government of Colombia within the four walls of the facility.

In addition, among the many projects that the El Paso Intelligence Center or EPIC does is one called Gatekeeper. This project uses an interagency team of U.S. analysts to systematically research, analyze and report information on these so-called gatekeepers who control entry corridors along the United States-Mexico border and tax the movement of drugs, illegal immigrants and other contraband that is smuggled across our frontier. This ongoing study forms the basis for operational targeting that has resulted in arrests in both Mexico and the United States.

DEA's Money Trail Initiative, formerly known as the Bulk Currency Initiative, began in October 2004. The Money Trail Initiative is a multi-agency, multi-jurisdictional initiative targeting various criminal organizations that smuggle multiple-millions of dollars in U.S. currency and other currencies out of the United States to further their criminal enterprise.

In support of this initiative, DEA, along with CBP and ATF, are working jointly to develop a robust license plate reader program. This could be a game changing technology, and it is currently being pilot tested at three checkpoints in south Texas—Falfurrias, Farr and Laredo. The program helps to develop intelligence that identifies and interdicts conveyances being used to transport firearms and bulk cash that are moving south into Mexico from the United States.

Yet another initiative, the International Drug Flow Attack Strategy, is an innovative multi-agency approach designed to significantly disrupt the flow of drugs, money and chemicals between the source zones and into the United States.

Operation All-Inclusive, which operates under the umbrella of the Drug Flow Attack Strategy, was developed to attack the flow on a regional scale with the objective of causing major disruption to the flow of drugs, money and chemicals between the source countries and the United States.

The Government of Mexico is already participating in this program and has made large scale deployments of police and military to channel illicit traffic in the specific corridors to enhance interdiction success on the United States side of the border.

In summary, DEA believes that authorization and funding of the Merida Initiative will provide a solid foundation for a new, fully integrated framework of law enforcement cooperation throughout the region. The timing is right as we are experiencing what may be a singularly unique opportunity to consolidate gains and advance counternarcotics objectives. And the plan was designed so it takes maximum advantage of what each country is already doing and builds upon existing successes.

Mr. Chairman, DEA remains steadfast in its commitment to international cooperation and full coordination of both our domestic and foreign counter drug operations. We will continue to share all the intelligence we can with our international partners.

Merida will provide these partners with the resources needed to act on this information and to facilitate this report of cooperative enforcement operations. With your continued help, we will do our best to confront this problem which threatens the health, safety and security of people all around the globe.

This concludes my statement, and I am at your disposal now or later to answer questions. Thank you.

[The prepared statement of Mr. Placido follows:]

PREPARED STATEMENT OF MR. ANTHONY P. PLACIDO, ASSISTANT ADMINISTRATOR AND CHIEF OF INTELLIGENCE, DRUG ENFORCEMENT ADMINISTRATION, U.S. DEPARTMENT OF JUSTICE

INTRODUCTION

Chairman Engel, Ranking Member Burton and Members of the Subcommittee, on behalf of the Drug Enforcement Administration's (DEA's) Acting Administrator Michele Leonhart, I want to thank you for your continued support of the men and women of DEA. I would also like to thank you for the opportunity to testify today on DEA's enforcement efforts against major drug trafficking organizations.

As this Committee well knows, modern drug trafficking organizations do not limit their criminal enterprises to one geographic area. Successful criminal investigations require the close cooperation and information sharing between a wide variety of law enforcement organizations in multiple countries and jurisdictions. DEA is proud of its role in this effort. Working together with our interagency and international partners, we are working diligently to stem the flow of illicit drugs entering the United States and depriving those criminal organizations of their ill-gotten gains.

OVERVIEW

Prior to addressing the Merida Initiative, it is important to view the overarching drug threat within a broader context. The objective of drug trafficking is profit, and this illicit business is enormously profitable. The United Nations Office on Drugs and Crime (UNODC) estimates that the global retail market for drugs is approximately \$320 billion per year. This effectively places more resources under the collective control of drug trafficking organizations than nearly 90% of the world's national

governments individually have at their disposal for all needs, let alone for countering the drug threat. Approximately 200 million people, or about 5% of the world's population between the ages of 15–64 years of age, are believed to have abused drugs within the last twelve months.

However, even numbers of this magnitude tell only part of the story. The consequences of drug trafficking and abuse can also be measured in lives. The Center for Disease Control estimates that approximately 34,000 people in the U.S. died in 2005 as a direct result of drug abuse. Millions of Americans are addicted or dependent on drugs, and tens of millions more suffer as they watch loved ones squander productive capacity and human potential. Drug abuse and trafficking fuels crime and violence, abuse and neglect, and causes significant environmental damage.

Beyond these losses, drug trafficking is responsible for the corruption of public officials and institutions, diminished respect for the rule of law and the loss of confidence in government institutions, undermining democratic governance and eroding political stability. Moreover, drug trafficking organizations, left unchecked, all too frequently become so powerful that they effectively challenge the authority of legitimate governments and their institutions. In an age when we are increasingly concerned about the spread of terrorism and the proliferation of weapons of mass destruction, it is imperative that we support and strengthen government institutions, particularly those of our immediate neighbors.

Within this broad context, DEA believes that Mexico and Central America play critically important roles in the U.S. counter-drug strategy. Mexican drug trafficking organizations dominate the U.S. inter-agency list of Consolidated Priority Organization Targets (CPOTs), effectively drug Kingpins, which represent the most significant threats to the U.S. and its interests around the globe. Today, 41 of the 46 organizations on the CPOT list are based in Latin America. Of this total, sixteen or 35 percent are Mexican drug trafficking organizations.

The role of Mexico in U.S. counter-drug policy is unique based on geographic proximity and a large shared land border and because Mexico produces much of the methamphetamine, heroin and marijuana consumed by Americans. Additionally, the vast majority of cocaine destined for domestic consumption transits Central America and enters the U.S. from Mexico. The U.S. interagency community estimates that approximately 90 percent of the cocaine entering the U.S. currently transits Mexico. Evidence demonstrates that seizures of cocaine in transit to Mexico are most usually measured by the metric ton, while seizures of cocaine in the U.S. that originated from Mexico are regularly less than 100 pounds, indicating that traffickers view Mexico as a safe haven for the storage of these large drug shipments.

In addition to the important role Mexico plays with regard to the cultivation, production and movement of drugs, NDIC estimates that \$8–\$24 billion in bulk currency, which represents the proceeds of illicit drug trafficking, is smuggled out of the U.S. and into Mexico to fuel the next round of production and to fund criminal drug trafficking organizations. Accordingly, it is difficult to overstate the importance of our Central American and Mexican neighbors to U.S. counter-drug policy.

The Administration of Mexican President Calderon has taken dramatic and positive steps to address the drug problem, including the mobilization of tens of thousands of police and military forces to target all of the major drug trafficking cartels. The Mexican Government has conducted more than 80 extraditions to the U.S. in 2007 alone, including several high level narcotics suspects. Mexico has also have taken bold regulatory actions to curtail the flow of essential chemicals used in the production of methamphetamine, and are collaborating and cooperating with U.S. law enforcement as never before.

However, the traffickers are resisting and are engaged in a violent struggle with the Mexican government as well as each other, as they fight over what they perceive to be a shrinking market. Open-source reporting indicates that during the first 15 days of January 2006, immediately following the inauguration of President Calderon, Mexico recorded 80 drug related murders. This number rose to 90 during the first two weeks in 2007, and 111 during the first 15 days of January, 2008. The U.S. Embassy in Mexico reports that in the first eleven months of 2007, approximately 250 Mexican law enforcement officers were murdered as compared to 120 for the same period in 2006. Several of these murders have been sensational, including the beheading of a police officer with his head placed on a pike in front of the police station, presumably as a sign to warn other officers that they should learn to “respect” the traffickers. In contrast, with a significantly larger population, the U.S. recorded twelve (12) police officers killed in the line of duty during all of 2007.

As the lead U.S. law enforcement agency responsible for confronting the illegal drug trade, DEA has been at the forefront of U.S. efforts to work with foreign law enforcement authorities, including the governments of Mexico and Central America. DEA believes a key element of our success in addressing this challenge is our ability

to combine our domestic enforcement efforts with our international presence, effectively creating defense in depth. Our enforcement efforts require a system of well-coordinated international and domestic investigations that combine intelligence, operational and regulatory resources of the United States with those of our international partners.

Among our international partners, the recent actions by our Mexican counterparts to comprehensively address the drug problem has been clear and decisive; the Government of Mexico's commitment has been demonstrated in both words and deeds since the earliest days of the Calderon Administration. These activities would actually reduce opportunities for corruption and human rights abuses by strengthening the capacity to investigate, collect and use evidence and move an arrest through to conviction, without the heavy reliance on confession-related convictions. While we have identified key counterparts and specially trained vetted units that are both reliable and competent to address the threats posed by illegal drugs, the broader systems need reform and support. The Merida Initiative provides this much needed support to address what may be a singularly unique opportunity to consolidate gains and advance counter-drug objectives.

The Merida Initiative

On October 22, 2007, President Bush requested \$550 million in emergency supplemental funding to support the Merida Initiative. An additional \$550 million was requested in the President's FY2009 budget. The main goals of this Initiative are to break the power and impunity of criminal organizations, assist the Governments of Mexico and Central America in strengthening border, air, and maritime controls from the Southwest border of the United States to Panama, improve the capacity of justice systems in the region to conduct investigations and prosecutions, implement the rule of law, protect human rights, sever the influence of incarcerated criminals with outside criminal organizations, curtail gang activity in Mexico and Central America, and diminish the demand for drugs in the region.

The Merida Initiative not only seeks to provide our regional partners (Mexico and Central America) with the tools necessary to assist them in this fight but also looks to integrate and complement what each nation is doing within its own territory. Additionally, the Merida Initiative has been designed to complement existing U. S. Government law enforcement strategies, such as the Southwest Border Counter-narcotics Strategy and the U.S. Strategy to Combat Gangs from Central America and Mexico. By coordinating each nation's domestic efforts, working jointly through improved bilateral and regional cooperation and communication, and providing additional resources and support to Mexico and Central America.

DEA believes full funding of the Merida Initiative will serve as a solid foundation to establish a new, fully integrated framework of cooperation for law enforcement partnership through the region. Our timely support to our partners in funding and aggressive action on our side of the border gives us the best opportunity we have had in years to make serious inroads in dismantling these criminal organizations and reducing the violence on both sides of the border. Funding the Merida Initiative will strengthen DEA's partners in Mexico, allowing enhanced cooperation and information sharing as we target the drug trafficking organizations threatening the people of both our nations. These enhanced efforts will not only assist DEA operations along the Southwest border, but increased law enforcement capacity in Mexico and Central America will strengthen DEA operations across the board.

The President's Supplemental FY-2008 Budget Request calls for \$500 million for Mexico and \$50 million for Central America under the Merida Initiative. Funding under this request is aggregated under three general categories to include: Counter-Narcotics, Counterterrorism and Border Security; Public Security and Law Enforcement; and finally, Institution Building and Rule of Law. My testimony will attempt to address how this funding will enhance ongoing cooperative efforts or establish new programs that would directly involve DEA.

Counter-Narcotics, Counterterrorism and Border Security (\$322.89m)

DEA is pleased that a significant portion of this budget request is dedicated to helping Mexico and the Nations of Central America address the complex challenges associated with the drug threat. In fact, the request calls for a total of nearly \$323 million of the \$550 million request to address this area.

While we have seen a remarkable demonstration of political will—particularly by the Calderon Administration—to address the drug problem, there are many complex issues that make it difficult to succeed. From DEA's perspective, these issues can be grouped together under the headings of integrity assurance and capability. Effective counter-drug operations require law enforcement organizations to share sensitive information among and between a variety of organizations that represent dif-

ferent constituencies. In a perfect world, the agencies with whom this sensitive intelligence is shared would then have the capacity to act in ways that disrupt and/or dismantle the criminal organizations engaged in the activity. Regrettably, the police organizations with whom DEA works are challenged on both fronts and must simultaneously address the issues of corruption and capacity building. In the Mexican context, the issue becomes more complex because President Calderon has called upon the Mexican military to take a very active role in the counter-drug program. This requires extensive coordination not only between Mexico's military and civilian security services but also among and between various U.S. and Mexican agencies.

In Mexico, DEA works with a congressionally funded Special Investigative Unit made up of approximately 227 police officers assigned to thirteen locations around the country. There is another congressionally funded SIU in Guatemala and "vetted" units in every other country in Central America, with the sole exception of Costa Rica. These units form the backbone of DEA's efforts throughout the region, because they have been carefully screened to assure their integrity and have received special training to enhance their individual and unit capabilities. The Merida Initiative does not call for new SIU or vetted units, nor increased staffing to the existing units. However, funding from this initiative could provide additional capabilities that could assist these units including air mobility, surveillance, drug detection, and information systems. It should be noted that the majority of these funds are destined for Mexico's military which does not currently have a close working relationship with DEA, but does work with other components of the U.S. Government. DEA believes that it will be imperative that Mexico develop protocols and procedures to assure that resources made available under this request support both Mexico's military and civilian security services.

The request includes \$208.3m to procure eight transport helicopters (Bell 412s, at \$10m each, with a \$24m logistics, spare parts, and training package); 87 handheld ion scanners for the Air Force/Army (SEDENA); two surveillance planes (CASA CN-235-300, at \$50m per aircraft, outfitted similar to the U.S. Coast Guard's medium range surveillance aircraft) for the Navy (SEMAR); equipment to outfit two citation aircraft for the Office of the Attorney General (PGR). Perhaps the most significant element in this package is to give the government of Mexico a night-time flight capability that could provide a viable endgame which our counterparts currently lack.

The request also includes \$31.3m to help the National Migration Institute (INAMI) expand and modernize its immigration database and document verification system, digitalize immigration forms, and equip and train personnel in rescue and safety response techniques to be used along Mexico's southern border. This information has the potential to provide a great deal of investigative lead information, would benefit in the identification of wanted subjects, and assist in tracking the movements of traffickers. Approximately \$25.3m is requested to establish a secure communications system for Mexican national security agencies and procure inspection systems for key mail facilities.

\$2m is requested to expand the Office of the Attorney General's work on the Operation Against Smugglers (and Traffickers) Initiative on Safety and Security (OASISS) to identify and prosecute violent human smugglers along the U.S/Mexico border. The enhancement of these programs in Mexico will benefit DEA investigations.

The \$31.5m requested to procure non-intrusive inspection equipment (scanners, x-ray vans) and canine detection training to support Customs' interdiction efforts at points of entry should deter smuggling through established ports of entry and generate investigative leads that could be shared with Mexico's investigative agencies. The \$7.9m requested to expand interconnectivity for the Intelligence Service's database, procure an operating system for a secure communications network, and provide data management and forensic analysis tools is essential if different entities within the government of Mexico are to collaborate and cooperate more effectively. Again, this enhanced capacity for Mexican law enforcement will also benefit DEA investigations.

Public Security and Law Enforcement (\$81.7m)

Our own experience in the United States has taught us that effectively combating the drug problem requires cooperation at all levels of law enforcement from the local cop on the beat to specially trained and resourced investigative organizations that focus exclusively on transnational narcotics trafficking. While many of the Central American countries have a single unified National Police agency, Mexico has distinct federal, state and municipal police agencies. Mexico is not only attempting to consolidate multiple federal agencies into a single law enforcement agency, they are also attempting to design a system that, over time, will allow state and local police agencies to become part of the comprehensive solution to drugs and violence.

Presently, Mexico's state and municipal police lack the jurisdiction or authority to investigate drug crime. The funding requested under this heading would help Mexican and Central American police agencies at all levels (federal, state and municipal) to maintain order and deal with the violence and crime generated by drug trafficking. This request also helps Mexico consolidate its federal police into a single entity that is geographically dispersed, yet interconnected through technology systems, and is more capable of addressing the insidious problems of drugs and violence.

The Central American request includes approximately \$10m to deal with anti-gang efforts and related community outreach, another \$2.3m for immigration related issues, and \$2m for regional training by the International Law Enforcement Academy based in El Salvador. With respect to Mexico, the initiative requests \$30m to procure non-intrusive inspection equipment (scanners, x-ray vans) for the Federal Police (SSP), and funding to establish new canine detection teams to be used for drug inspections. Approximately \$6m is requested for security improvements (armored vehicles at \$120,000 each, radios, ballistics vests/helmets, training, and associated equipment) to protect law enforcement personnel investigating criminal organizations. \$5m is requested to help the Financial Intelligence Unit's (FTU) anti-money laundering efforts by upgrading its computer infrastructure and data analysis tools, while \$15.1m is requested to extend the reach of Mexico's demand reduction activities by providing the Secretariat of Health with computer hardware and software to create a nationwide network, that will serve as the backbone of Mexico's broader networking effort to link NGOs and other non-state actors in demand reduction and rehabilitation.

Institution Building and Rule of Law (\$108.3m)

While DEA's statutory responsibilities focus on identifying, investigating and arresting those who violate U.S. drug laws, we fully appreciate that we operate within a broader context that presumes the existence and integrity of a variety government institutions. These include honest and capable law enforcement organizations; competent and adequately financed prosecutors; a judiciary that dispenses justice; and a penal system capable of humanely confining those convicted of crimes. As difficult as it may be to identify and arrest drug violators, it is potentially far more difficult to build or reform institutions or create respect for the rule of law.

Despite the enormity of this task, we acknowledge that it is essential for the long-term success of our endeavors. We cannot extradite every drug criminal, nor can we long tolerate a lack of control that effectively creates a haven for criminals in our interconnected world. Experience has taught us that both drug traffickers and terrorists thrive in ungoverned or poorly governed areas. We must all recognize that the enormous profits and intense violence associated with drug trafficking has put the institutions of Mexico and Central America under considerable stress. Corruption, fueled by drug proceeds, undermines public confidence and results in a wide array of problems ranging from arrests not made to the escape of convicted criminals. Where bribery is unsuccessful, our criminal adversaries are prepared to do violence. In fact, violence against law enforcement and prosecutors has become so commonplace that there can be difficulty recruiting qualified candidates to do this important but dangerous work.

The initiative requests \$60.7m to revamp information management and forensics systems for the Office of the Mexican Attorney General, and provide training in courts management, prison management, asset forfeiture, and police professionalization, as well as to provide support for anti-gang and anti-organized crime units, victim/witness protection, and extradition training. Approximately \$5m is requested to support the Office of the Attorney General Forensics Institute, essentially providing enhanced forensic analysis of evidence collected by police and prosecutors. \$19.9m is requested to help the Office of the Attorney General digitalize all aspects of prosecutors' functions, provide a case management system, and rebuild its database structure. The plan requests \$15m towards programs promoting anticorruption, transparency, and human rights. The cost of U.S. personnel, administration and budget services to support programs and equipment procurement processes directly tied to the foreign assistance package for Mexico is \$37M.

CONCLUSION

The challenges presented by the drug trafficking organizations in the United States and Latin America are significant. In comparison to the seizures on the Southwest Border of the United States, which are frequently in the 50 kilogram range, drug seizures in the transit zone are often multi-ton in size, indicative of a strategy by traffickers to minimize losses. The DEA recognizes that interagency cooperation and coordination is fundamental and key to our success in combating drug

trafficking organizations operating within the U.S. The DEA strongly believes we must take an offensive approach to prevent bulk drug shipments from moving further into the transportation chain where fragmentation occurs, in most instances on the Mexican side of the Southwest Border. Law enforcement in Mexico and Central America must have the resources that were once available in the Western Caribbean and Eastern Pacific if we are to be successful against these drug trafficking organizations.

DEA's investigative efforts will continue to be directed against the major international trafficking organizations and their facilitators at every juncture in their operations—from the cultivation and production of drugs in foreign countries, to their passage through the transit zone, to their eventual distribution on the streets of our Nation's communities. We will also direct our efforts against those affiliates who supply precursor and essential chemicals and provide financial services to these organizations.

The longstanding bilateral law enforcement relationships in Latin America have proven to be key to DEA's success. Bringing to the criminal and civil justice system of the United States, or any other competent jurisdiction, those organizations and principal members of organizations involved in the growing, manufacture, or distribution of controlled substances appearing in or destined for illicit trafficking in the United States, will remain the core of our focus. Formalized agreements necessary for bilateral working relationships and non-politicization of one of the world's common endeavors—the elimination of the illicit drug trade—will bring the United States and the nations of Latin America closer to this objective.

Mr. Chairman, I appreciate the opportunity to appear before you today to discuss this important issue and I will be happy to answer any questions that you may have.

Mr. ENGEL. Thank you very much. That concludes our testimony.

I want to acknowledge that during the testimony some of our colleagues have come. I want to acknowledge Mr. Meeks, Mr. Gallegly and Mr. McCaul, who have all come in.

I am going to ask one question, and then I am going to turn it over to Mr. Burton to ask a series of questions. Let me just ask you, Mr. Burns. In the October 22, 2007, joint United States-Mexico statement on the Merida Initiative it was stated, and I am quoting, "that the U.S. will intensify its efforts to address all aspects of drug trafficking, including demand related portions."

As I mentioned in my opening statement and as you know, the administration's own budget for treatment, services and research has declined over the past few years both in nominal and inflation adjusted dollars. In fact, funding for domestic drug prevention and treatment programs has been steadily declining since Fiscal Year 2005 and, as I mentioned in my opening statement, was just cut by another \$73 million in the President's just released Fiscal Year 2009 budget.

So let me ask you. Why are we cutting demand side spending at a time when we have promised the Mexican Government to intensify our efforts on the demand side of the drug war? This seems to me like no way to show our commitment to our partners in Mexico, Central America and elsewhere who are combating narcotraffickers on a daily basis.

Finally, let me ask you. With this decline in funding on the demand side, how can the U.S. possibly respond to its commitments outlined in this October 22, 2007, joint statement on the Merida Initiative?

Mr. BURNS. Thank you, Chairman Engel. The reality is there is good news on the demand side. The monitoring in the future survey is the report card that we use to determine the drug use levels among our youth.

Marijuana is down 25 percent since 2001; ecstasy, 54 percent; LSD, 60 percent; methamphetamine, 64 percent. Steroid use is down 33 percent. Even alcohol and tobacco use among young people is down. We think the administration has made a large commitment on all fronts, a balanced strategy—prevention and education, treatment and law enforcement.

The President's 2009 request for treatment and for prevention is almost \$5 billion. Five billion dollars is \$1.3 billion more than domestic law enforcement, and it is \$1.2 billion more than interdiction.

We have asked each year for more money for drug courts. Until this last year it hasn't been funded. When John Walters came in as the drug czar of the United States he had a \$140 million budget for the national youth anti-drug media campaign, possibly the only effort in this country to send positive messages to parents and to teens. That was cut last year to \$60 million.

So we believe, A, there have been successes and, B, that the administration has made a commitment, a strong commitment, to treatment and prevention.

Mr. ENGEL. But again a cut of \$73 million at a time when we are announcing this initiative and saying that we are committed and we are going to do whatever we can it seems to me is sending conflicting signals, so why would we want to have a budget that cuts \$73 million at a time when we are saying that we are intensifying our efforts?

Mr. BURNS. As you know, Mr. Chairman, we are at war. With just about every program that we at the National Office of Drug Control Policy deal with, we are looking to tighten our belt on almost every fund.

We are also trying to act strategically. The one area of abuse that is up and up significantly is prescription drug abuse. Six-point-four million now of 20 million are abusing prescription drugs. That doesn't have anything to do with Merida or Mexico. We have now focused our efforts on dealing with that particular issue.

One in ten 12th-graders last year abused Vicodin. One in five 12th-graders abused Oxycontin. So rather than looking at dollar amounts and comparing that to what we believe the commitment of the administration is, we believe that we have to act strategically with the money that is available.

Mr. ENGEL. Well, let me just finally say, Mr. Burns, I know we are at war, but I think we are also at war in the war on drugs, and I think that it is just not convincing to me to have the administration cut funding at a time when we are saying that we are having a grand initiative.

Mr. Burton?

Mr. BURTON. Thank you, Mr. Chairman. I am not going to ask too many questions. I just have a couple of comments I would like to ask. Then I will ask two or three questions and yield to my colleagues.

I can't tell you how many of these hearings I have been to. I was a State representative, a State senator, and I have been in Congress now for 25 years, and I bet I have been to several hundred of these hearings.

I get so frustrated because we come up with new ideas and new approaches, and the problem never goes away. Education has helped, but it hasn't solved the problem. More money thrown at it has helped, but it hasn't solved the problem. In fact, the overall problem seems to be consistent or escalate.

It seems to me that one of the things that we need to do, and I know you are all working toward that end and I appreciate your hard work. I know it has to be frustrating for all of you. We have to get these other governments to work with us and then attack, attack the base of operations of these organizations. We have to go after them like we did when we went after Pablo Escobar.

I know that is very, very difficult. We have to find government leaders who are willing to really risk their lives, because these drug leaders are going to go after them, to get really expert units to work with our units to go get them, to go get them and knock them off and to put them away permanently. That will send a very, very strong message.

Other than that, I think all the other things we are doing is in a defensive posture, of a defensive nature, and as a result we spend a lot of money and we do a pretty good job, but we still aren't winning the war against drugs. I have been fighting this battle along with you for almost 35, 40 years now.

So I am very concerned about that and I am very frustrated. I have talked about this many times and I am not sure that there is any easy answer other than to get leaders from these countries who have the intestinal fortitude to put together units that are going to work with our people to go after them and really, really, really put the fear of God into every single one of them.

You talk about these weapons coming out of the United States. I know that is a big problem. President Chávez of Venezuela just, I think, bought 100,000—or more than that—new weapons to replace old weapons he had, and of course those filter up from the south as well.

I would like to know if we really put the squeeze on these weapons going into Mexico if it is like pushing your finger into a balloon where it will pop out someplace else and will this really solve the problem. I would just like to have your answers on that.

I would like to also ask the DEA. You have had a long and troubled relationship with Mexico in some of these fights against illicit drugs. Do you feel that the climate really has changed and the cooperation is really going to be there with the Mexican Government, or is this just another step in the same direction we have been going?

Also, does the Merida Initiative include adequate funding and support for the effective and successful vetted units of the DEA working with Mexico?

Finally—I will let you answer them all at once; each one of you can pick up whichever ones you want to—we need to get this initiative in the supplemental budget and brought to a vote, so what is the number one suggestion that you think should be included in this initiative and how much is that going to cost? If you would let us know the answers to those questions I would really appreciate it.

I don't mean to sound like I am negative about what you are doing. I am very, very supportive of everything that you are trying to do. It is just that after hearing all these statements and being in all these hearings all these years it seems to me that until we are able to get the leaders of these other countries to say we are going to go after them with you, we are ready to put our SWAT teams, our military teams together with yours to go after them like they did with Pablo Escobar, I don't think you are ever really going to solve the problem, but I will continue to support you and do everything we can to help.

Mr. ENGEL. Do you want them to answer?

Mr. BURTON. Yes. I asked three questions there. The first question was what is the number one priority in this supplemental that you think should be in there. Number two, DEA has had problems with Mexico in the past. Is it really going to be any better, and does this initiative have adequate funding for the people in our units to deal with the problem.

Mr. ENGEL. Whoever would like to answer.

Mr. SHANNON. I am happy to start, Mr. Chairman and Mr. Burton. Thank you for your support. We recognize your tremendous support over the years, and it is important to us and it is important to our mission. I think this will be echoed by all my colleagues here at the table.

You highlighted that one of the biggest challenges we face, winning commitment from other governments to work with us, and I think one of the important aspects about Merida is that it reflects that and that it really is the Government of Mexico and the governments of Central America asking us for assistance in a way that they have never asked for assistance before and being prepared to coordinate among themselves and with us in a way that they have never coordinated before.

I think we are seeing an important political forum in Mexico and Central America, which is not only a commitment by leaders, but a commitment by populations. I believe the citizens of Mexico and the citizens of the Central American countries recognize that their democratic states are under assault, and they are under assault by organized crime and drug trafficking cartels and that there is I think a broad consensus and popular will to draw a line and to fight these organizations and cartels.

This is an important moment for us, and it is an opportunity that we cannot let pass because, as Mr. Placido noted, it is an opportunity for us to create, and I will quote him, "a fully integrated platform for law enforcement cooperation throughout the region."

This is the possibility that sits in front of us right now, and so it is one that we need to grab. In that regard, as we constructed the Merida Initiative and worked really in response to the identified needs of Mexico and the countries of Central America we attempted to do so in a comprehensive fashion and an integrated fashion, so it is difficult for us to pull out top priorities.

However, without a doubt the focus is on building the capacity of a democratic state to protect itself and building the capacity of civilian institutions, civilian law enforcement institutions and courts and prison systems to be able to identify, capture, prosecute,

charge and incarcerate criminals, especially organized criminals and members of drug cartels.

So in that regard those aspects that enhance the ability of civilian law enforcement institutions to function, that enhance their ability to share information, enhance their ability to move their personnel in a timely fashion, these are obviously priorities, but again I would like to stress that we attempted to build this in a comprehensive and integrated fashion.

I will turn to my colleagues to address your other questions.

Mr. ENGEL. Mr. Hoover?

Mr. HOOVER. If I may regarding your question of solving the firearms trafficking problem like putting your finger in a balloon, I will admit in the past it has been very difficult to track the firearms into Mexico. With the addition of our eTrace Web-based system in Mexico it is becoming increasingly better to track these.

Mr. Kumar, if I could get you to put the trafficking map up? The map, Dan. You also have this in the handout that we prepared.

By the entries tracing that we are doing with our counterparts in Mexico, we have daily contact through our Attaché office in Mexico City. We have daily contact through our agents assigned in Monterrey and our border liaison contacts that we have in each of our four border cities. We are able to put together information like this based upon the tracing that we are doing from the firearms in Mexico. We can then attack those specific trafficking corridors.

We can look at the source dealers for these firearms. If we look like we have an FFL that has an abnormal amount of traces coming back to him we can utilize various investigative techniques to try to stop that FFL from doing that. We will also utilize interdiction methods on those specific tracking routes.

We are gaining much more intelligence through our El Paso Intelligence Center, through our gun desk there, and I think it is becoming a little bit easier in sharing this information with Mexico City with the strides that we have made in meeting with them.

Since last March, we have met with them six times from headquarters to headquarters level through the various agencies, and we continue that. We just met with Senor Luna just a few weeks ago to discuss this same problem.

I hope that answered your question, and thank you.

Mr. ENGEL. Mr. Placido?

Mr. PLACIDO. Yes. Thank you for the question, Mr. Burton.

I have actively been following events in Mexico since 1985. I served as our regional director in Mexico City covering Mexico and Central America from 2000 to 2002, and I will tell you that in my professional career, which now I am in my 29th year, this is without question in my opinion the single best opportunity that we have ever had to work in a very productive, constructive manner with the Government of Mexico.

It is for real. The leadership that is down there now, I knew when I was there in 2002 before they occupied positions such as the Secretary of Public Security and the Attorney General. I think there is a real commitment. They are not just talking. They are demonstrating with deeds what they are doing.

In fact, the Attorney General of Mexico coined the month of October 2007 as Black October where they took more than 44 metric

tens of cocaine out of circulation. They have mobilized tens of thousands of security forces, both military and police, and they have extradited unprecedented numbers of people to the United States, including high level members of each of the major cartels in Mexico. So in my estimation, and I believe in DEA's estimation, the cooperation with Mexico is real. The opportunity to strike is now.

In terms of the vetted units, we currently have 227 vetted officers in Mexico disbursed over 13 cities in the area. We don't need more numbers of vetted units at this time. What we really need are investigative technology support mechanisms for them.

I would be glad to go into more detail in a private setting regarding that, but I think that is what we really need. The key to our vetted units' success is the ability of DEA agents to ride on the hips of these officers and be out there. We don't want the number of vetted unit officers to exceed our capacity to work with them, so what we are really looking for now is investigative technology and solutions that will help drive this.

One last comment in terms of the number one priority. We believe that the license plate reader initiative, which is on the U.S. side of the border and really couldn't be funded under this initiative, is a game changer.

It effectively takes the permanent checkpoints staffed by Border Patrol along the southwest border and installs cameras that photograph not only their license plates, but the drivers of those vehicles, runs them against a central repository and then, because these checkpoints are anywhere from 18 to 60 miles from the border, gives us the response time to interdict southbound currency and weapons going into Mexico.

We are pilot testing this project now in south Texas. There are three of them up and active, and they have been very, very successful. What we believe is necessary is, if you will, a line of these that spans the entire expanse of the southwest border with several mobile units that could be moved around as well.

Thank you.

Mr. ENGEL. Thank you. As you can hear, we have a series of four votes. What we will do is we will have one more question by Mr. Sires, and then we will recess until immediately after the votes.

Mr. Sires?

Mr. SIRES. Thank you, Mr. Chairman.

I know Mr. Burns made a statement before that we are at war, and I know that this Merida Initiative is a lot of money. Are there any efforts following the money that is spent, where it is supposed to be spent, that it is doing what we are supposed to be doing with this money? How do we keep track of this money that has been spent?

Mr. BURNS. I would refer that to Mr. Shannon, who is in on the negotiation not only of the terms, or Ambassador Lino, but the metrics and the performance measures.

Mr. SHANNON. Happily, sir, as we build this project and as we present it to the Congress the idea is that the vast majority of this money would be spent through INL accounts in the Department of State, working in tandem with those agencies that execute and implement on the ground.

First of all, the program does not involve transfer of funds. It involves transfer of equipment. It involves training. Therefore, the money actually is spent by the United States Government in the purchasing of items and the development of training programs.

It would also be spent through letters of agreement that we work out with the Government of Mexico that include accountability such as end use monitoring.

So we have, I think, a good experience with this in Mexico. We have a good understanding of how our programs are used, how equipment is used, and we believe that we can work with the Government of Mexico and the Governments of Central America to ensure accountability.

Also, at a political level because this is a public program, because of hearings such as this and because of the presence of press and diplomats, the people of Mexico and the people of Central America are aware of the debate. They are aware of the issues. They are aware of the kind of equipment that we are proposing to send and the kinds of training programs that we are proposing to deal with.

This actually enhances internal accountability in these countries because both their congresses and their populations at large will know that should the Congress decide to approve both the supplemental request and the 2009 budget request that their countries will be receiving a significant amount of goods and training and that they are going to be looking for results.

Mr. SIRE. Thank you.

Ambassador Lino, you made the comment before. You said you are still refining this package. Is that just language or anything that is going to be added to the package that is not here now?

Ambassador LINO. Well, the answer to that, Congressman, flows directly from what Ambassador Shannon was saying.

We have sent a number of validation teams, interagency validation teams, to go down and talk with the Mexican Government at the working level with the Central American Governments most recently at the working level to refine the package that is being put together to ensure not only that it makes sense from our side, but that it makes sense from their side.

Mr. SIRE. So when you say "refining," you are talking about more accountability?

Ambassador LINO. It is a process of developing the exact things that we will be doing with this funding, and accountability is a part of that, yes.

Mr. SIRE. As far as following up when we arrest these people that they are not out on the street 6 months later, do we have any kind of follow-up on the other side? How does that work?

I always hear these stories that you arrest this guy today and he is out on the street a week later. Is there any follow-up?

Mr. PLACIDO. Do you want me to take that? Yes. You will notice that in the first tranche of the Merida Initiative is a significant request for funding to promote the rule of law. It is money that we frankly don't invest on the back end which helps prosecutors, prison guards and the like and so I think there is a concerted effort in this package to build the support services that that police need.

It assumes that we have not only competent and trustworthy partners in the police, but that prosecutors who are adequately fi-

nanced and trained exist, that there is a justice system that actually dispenses justice and that there are prisons that can humanely incarcerate and warehouse the people who are arrested and convicted. That is all part of the plan, sir.

Mr. SIRES. Thank you, Mr. Chairman.

Mr. ENGEL. All right. I am going to cut it here in terms of a recess. We will vote and we will come back.

But before we recess I just want to acknowledge Guatemalan Ambassador Guillermo Castillo here. I know that he will be leaving Washington soon, but I want to let everybody know that I am pleased that he is here, and I think he has done a wonderful job for his country. Thank you, Mr. Ambassador.

We will be in recess until immediately after the four votes.

[Recess.]

Mr. ENGEL. Thank you. The hearing will resume. I thank the witnesses and the audience for its indulgence.

I now call on Mr. Gallegly for questions.

Mr. GALLEGLY. Thank you very much, Mr. Chairman.

I am not really sure who I need to ask this to. Perhaps it is the Ambassador or Mr. Burns. I would like to focus for a minute on the illegal immigration and criminal alien issue.

This past year the Inspector General of the Department of Homeland Security outlined in a report that there were 636,000 illegal immigrants who have evaded deportation orders. A large percentage of these criminal aliens are criminal aliens with very significant felony convictions or warrants.

I would think that they are probably a major part of some of the things that are going on in and around the border, and, while they are not all Mexican Nationals or Central American, I think the overwhelming majority, based on what research I have done, are either Mexican Nationals or from Central America.

Perhaps the Ambassador could give me the best shot on that. What specifically are we doing to focus on these absconders, and what success are we having? That is getting close to three-quarters of a million people.

Ambassador LINO. Understood. The deportation of aliens, whether criminal aliens or simply illegal migrants, is an issue that is handled by ICE.

I do have some ICE representatives here with me today, but we could provide you a more thorough answer in writing if you would like.

[The information referred to follows:]

WRITTEN RESPONSE RECEIVED FROM THE HONORABLE MARISA R. LINO TO QUESTION
ASKED DURING THE HEARING BY THE HONORABLE ELTON GALLEGLY

While the Department of Homeland Security (DHS) as a whole has committed significant resources to preventing aliens from illegally entering the United States, significant resources have also been committed to arresting immigration law violators within the interior. Our immigration enforcement cannot begin and end at our borders and ports of entry. Effective immigration policing must also include robust interior law enforcement efforts to help ensure the safety and security of all Americans.

ICE's commitment to interior enforcement is highlighted by the fiscal year 2008 expansion of two of its major enforcement programs: The Criminal Alien Program (CAP) and the National Fugitive Operations Program (NFOP).

Criminal Alien Program:

The Criminal Alien Program is responsible for the identification, processing, and removal of criminal aliens incarcerated in jails and prisons throughout the United States, ensuring that they are not released into the community by securing a final order of removal prior to the termination of their sentence.

In June 2007, in an effort to focus CAP's finite resources on jails and prisons which house inmates who pose the greatest threat to public safety, CAP began a risk assessment of all jails and prisons in the United States. This assessment located, identified and evaluated 4,492 jails and prisons in the United States and assigned an overall score to each jail and prison based on a variety of risk factors. The risk assessment allows ICE to deploy valuable resources using a risk-based approach. CAP is currently funded for 119 teams, which includes 89 teams currently existing in the field and an additional 30 teams provided in FY 2008. The teams are focused on identifying, detaining, and removing criminal aliens.

CAP productivity is measured by the number of charging documents issued to aliens, which initiates the removal process. In FY 2006 CAP issued 67,850 charging documents. In 2007 CAP issued 164,296 charging documents. In the first quarter of FY 2008 alone, CAP has issued 56,191 charging documents. The increase in resources deployed and charging documents issued is indicative of the importance given by ICE to the issue of interior enforcement, specifically the issue of criminal aliens.

National Fugitive Operations Program

The National Fugitive Operations Program was established to address the burgeoning number of fugitive aliens present in the United States. An ICE fugitive is defined as an alien who has failed to depart the United States pursuant to a final order of removal, deportation or exclusion; or who has failed to report to a Detention and Removal Officer after receiving notice to do so. As of March 14, 2008, there were approximately 578,618 ICE fugitive aliens at large in the United States, according to Detention and Removal Operation's (DRO) Deportable Alien Control System (DACS).

ICE Fugitive Operations Teams (FOTs) are a crucial part of the agency's interior immigration enforcement mission. A critical element of this strategy is to identify, locate, arrest and remove criminal and fugitive aliens from the United States. On March 01, 2003, the first eight FOTs became operational. In FY07, the number of operational FOTs grew to 75. By the end of FY 2007, each of the 24 DRO Field Offices had at least one operational FOT. In FY08, Congress authorized an additional 29 FOTs, for a total of 104 teams. The FY08 enhancements are in the process of being fielded nationwide.

The Fugitive Operations Support Center (FOSC) in Burlington, VT, is a crucial part of ICE's comprehensive effort to reduce the fugitive alien population. Established in June 2006, the FOSC, through the use of technology and partnerships with law enforcement agencies, provides a specialized unit that focuses on analyzing the nature and characteristics of the U.S. fugitive alien backlog as recorded in the Deportable Alien Control System (DACS) and provides leads to the FOTs.

In FY07, the combined efforts of the FOTs and the FOSC resulted in, for the first time, a decrease in fugitive growth. According to the ICE DRO Deportable Alien Control System (DACS) there were 594,756 fugitive aliens in the United States on September 30, 2007, or 37,970 less fugitives than the population of 632,726 recorded on October 1, 2006. This decrease signified an incredible reduction in the explosive rate of growth recorded in recent years. In FY08, to date, there are approximately 578,618 ICE fugitive aliens at large in the United States, or 16,138 less fugitives than the population of 594,756 fugitive aliens on September 30, 2007, a total reduction of nearly 3% since the beginning of the fiscal year.

Mr. GALLEGLY. I would be happy to have that, and I think that gets right back to the issue of interior enforcement. We hear a tremendous amount of I think it is rhetoric on how tough we need to get on the borders, and while we all agree on that that is not a resolution.

Depending on whose numbers you use of those that are illegally in the country now, some focus on the 12-million figure, and that seems to be a figure that folks have been using for 6 or 7 years, which I think may be a tad antiquated. Some use a figure of 20 million. I think that is probably closer to the real facts.

Whether it is 12 million or 20 million or 8 million, the fact remains significant. I really want to know at some point whether it is ICE, Justice. Give me some information about really how serious we are about the interior enforcement and what impact it is having with these things that we are talking about today on the border.

Maybe you could give me something that we could share with the committee.

Ambassador LINO. Absolutely.

Mr. GALLEGLY. With unanimous consent perhaps we could get an understanding that whatever is conveyed to me from the Ambassador or from ICE that we could make a part of the record in the hearing, Mr. Chairman.

Mr. ENGEL. Yes.

[The information referred to follows:]

WRITTEN RESPONSE RECEIVED FROM THE HONORABLE MARISA R. LINO TO QUESTION
ASKED DURING THE HEARING BY THE HONORABLE ELTON GALLEGLY

- In FY07, ICE implemented a comprehensive interior enforcement strategy focused on more efficient processing of apprehended illegal aliens and reducing the criminal and fugitive alien populations. Result: ICE removed a record 276,912 illegal aliens, including voluntary removals, from the United States.
- For the first time, ICE's DEPORT center made it possible to identify and screen criminal aliens incarcerated in federal prisons nationwide to ensure their removal upon the completion of their sentences. Result: 11,292 charging documents have been issued to criminal aliens housed in federal prisons.
- ICE targeted the infrastructure that supports the business of illegal immigration, including document and immigration benefit fraud, launching six new Document and Benefit Fraud Task Forces in cities nationwide. Result: ICE initiated 1,309 fraud investigations leading to a record 1,531 arrests and 1,178 convictions.
- In two years, ICE has quadrupled the number of Fugitive Operations Teams (FOTs) dedicated to identifying, locating and arresting fugitive aliens. FOTs increased from 18 in FY05 to 50 in FY06, to 75 in FY07. Result: ICE eliminated more than 100,000 fugitive alien cases and reduced the backlog of fugitive cases for the first time in history.
- ICE's Fugitive Operations Support Center (FOSC), a nationwide clearing house for information on fugitive cases, continued to make the processing of data on fugitive cases more effective. Result: The FOSC has resolved more than 73,000 open fugitive cases, allowing ICE to target those fugitives who are still at large.
- Through a more aggressive worksite enforcement strategy, ICE targeted the "jobs magnet" that attracts illegal aliens seeking employment in U.S. workplaces. Result: ICE dramatically increased penalties against employers whose hiring processes violated the law, securing fines and judgments of more than \$30 million while making 863 criminal arrests and 4,077 administrative arrests.
- ICE investigators worked to ensure compliance with the nation's immigration laws among student and exchange visitors and other nonimmigrant visitors to the United States. Result: 1,366 high-risk non-immigrant status violators were arrested.
- ICE investigated and dismantled the schemes that criminal and terrorist organizations use to earn, move and store illicit funding for their operations. Result: ICE launched 3,069 financial investigations, resulting in significant increases in arrests.
- ICE's Cornerstone initiative developed working partnerships and information-sharing strategies with private industry to target exploitation of U.S. financial systems by criminal organizations. Result: ICE Cornerstone liaisons conducted more than 1,250 outreach presentations to over 20,500 industry representatives.

- ICE turned its combined legal authorities on the dangerous human traffickers who exploit the vulnerable. Result: ICE human trafficking investigations led to 164 arrests and 91 convictions.
- ICE's targeting of violent transnational gangs was bolstered by an enforcement surge in the summer of 2007. Result: In FY07, ICE arrested a record 3,302 gang members and associates in cities nationwide.
- ICE targeted sexual predators who prey on children. Result: ICE arrests under Operation Predator topped 10,000 in June 2007.
- ICE's Law Enforcement Support Center (LESC) continued to serve as the national point of contact for providing immigration status and identity information on suspects detained by local, state and federal officers in the field. Result: The LESC responded to 728,243 requests for information from law enforcement officials.
- ICE's Forensic Document Laboratory (FDL) continued to provide forensic document analysis and training to a wide variety of agencies in the effort to combat travel and identity document fraud. Result: The FDL trained 3,810 federal, state and local officials in document analysis techniques and responded to 4,382 requests for analysis from the field.
- ICE increased the number of Border Enforcement Security Task Forces (BESTs).

Result: The task forces were responsible for 526 criminal arrests and 1,093 administrative arrests, along with seizures of \$2.5 million in cash and significant amounts of narcotics and weapons.

In each of these key areas and in many others, ICE enjoyed a high degree of success, while laying the groundwork for continued improvement in the months and years to come.

In addition to enforcing the immigration laws ICE continues to make progress in other interior enforcement areas:

- ICE continued efforts to combat drug smuggling organizations. Result: ICE investigations resulted in the seizure of 241,967 pounds of cocaine, 4,331 pounds of heroin, 2,731 pounds of methamphetamine and 1.3 million pounds of marijuana. Additionally, ICE investigations led to 8,920 arrests, 4,949 indictments and 5,539 convictions of individuals associated with narcotic violations.
- ICE continues to achieve new successes in intercepting illegal exports of weapons, military equipment and sensitive technology. Result: ICE made 188 arrests and secured 127 convictions in these national security investigations.
- ICE worked with international partners in law enforcement to target money laundering, bulk cash smuggling and cross-border trade fraud. Result: ICE Trade Transparency Units provided case support and coordination in transnational investigations and ICE agents provided training in combating cash smuggling schemes to more than 700 international partners.
- ICE's intellectual property rights investigations continued to combat the flow of counterfeit goods and products. Result: ICE made 235 arrests and secured 117 convictions in intellectual property fraud cases.
- ICE targeted the flow of precious cultural and historical artifacts. Result: ICE launched 51 cultural property investigations and made 15 seizures of high-value items.
- A new ICE initiative targeted unlicensed money services businesses that illegally transfer funds. Result: ICE investigations of unlicensed money service businesses yielded 39 arrests, 30 convictions and seizures of more than \$7.9 million.

Mr. GALLEGLY. Mr. Hoover, I note in your testimony—I am going to try to get just a little bit off of where we have been, but it seems like something that is pretty important.

You are talking about arms and the significance of being able to identify these arms through serial numbers and so on, and an inordinate number of them have the serial numbers ground off or filed off or whatever.

Is that a realistic understanding that I have from your testimony that that is a problem?

Mr. HOOVER. Yes, sir.

Mr. GALLEGLY. Has ATF ever to your knowledge explored—because I didn't go to law school so no one taught me you don't ask questions you don't know the answers to. I genuinely don't know the answer to this.

It would seem like in a time that we are making such great technological advances in so many areas is there a reason that we haven't or we can't have a relationship with gun manufacturers that provides a serialization of weapons that would make it very difficult to remove the serial number, perhaps where it might be placed on the weapon so that if you did try to take it off it would actually cause the weapon to be nonfunctional? Has anyone ever done any research on that?

Mr. HOOVER. Actually, sir, we have a serial number restoration program, and there are also regulations that we enforce with the manufacturers regarding just that; how the serial numbers are placed.

There are various techniques. One of the oldest is called acid etching where they are able to raise serial numbers even if they have been punched out.

Sometimes we don't get the entire serial number, but we get the vast majority of that serial number through these laboratory techniques and then we are able to use that to go back through the tracing system with the manufacturers and actually get those serial numbers.

Mr. GALLEGLY. This is not a new technology. This is something you have been using for years.

Mr. HOOVER. Yes, sir.

Mr. GALLEGLY. I am talking about when the placement of a serial number is right on the outside next to Smith & Wesson or whatever the manufacturer is, kind of like a license plate.

We have technology on our automobiles where there is a laser-embedded identification. It is virtually impossible to detect or perhaps could be placed—is there any work being done in that area technologically?

Mr. HOOVER. Not to my knowledge, sir, no. Not on the firearm. No, sir.

Mr. GALLEGLY. Does it sound like something that maybe someone might do a little research on somewhere down the line?

Mr. HOOVER. I can say, sir, that we would check into that.

Mr. GALLEGLY. Anyway, that is a layperson's question.

Along the issue, we talked a lot early on in this hearing about the number of weapons going south from California, from Arizona, from Texas.

Even I notice that Washington State had an inordinate number. I am assuming that the weapons from Washington State, are these also going south?

Mr. HOOVER. Yes, sir. Actually, in one case that we worked with ICE there was a Winnebago recreational vehicle that was stopped in Mexico, and that one vehicle had an inordinate number of firearms and ammunition and cash in that vehicle heading south.

As it turned out during our investigation, this was linked back to a drug trafficker from the State of Washington.

Mr. GALLEGLY. Having said all that and having been focused on weapons going from the United States into primarily Mexico, has there been any research or studies done on the effect of weapons that perhaps were used in Central America back in the 1980s, AK-47s and so on, during the Sandinista Contra wars and so on and others, the FMLN and whoever else was involved back in the 1980s, and those weapons moving from Central America up into Mexico?

Mr. HOOVER. No, sir. We don't have the ability to trace those firearms. The only weapons we trace are those that have been imported into the U.S. and came in through either a U.S. importer or initiated here through U.S. manufacturers.

We don't know what weapons went into South America and up into Central America and maybe into Mexico. We don't have any of those figures. No, sir.

Mr. GALLEGLY. Well, it is an element of what is going on there. Whether it is our jurisdiction or not—

Mr. HOOVER. That is correct.

Mr. GALLEGLY [continuing]. It is still a concern because I know I would certainly have strong reason to believe that there is an inordinate number of weapons that are creating great havoc not only for Mexico, but for us, that might not have originated all from the United States.

Mr. HOOVER. That is correct, sir.

Mr. GALLEGLY. Thank you, Mr. Chairman.

Mr. MEEKS [presiding]. Thank you.

Mr. Green?

Mr. GREEN. Thank you, Mr. Chairman.

I know the hearing is the obligation of Mexico in this effort, and I guess one of the questions I have and that has come to light because of the Colombian Free Trade Agreement being held up because of the violence against labor organizers in Colombia, and there is some concern I think that this equipment would be used actually to anti-drug instead of using it for some of the things that we hear about that is anti-labor, breaking strikes and things like that.

I could give some specifics. I don't know if it has come up before, but in April 2006 state police intervened in a strike and two union members were killed. Just this last month, on January 11, several hundred armed police entered a mine in Sonora where union members were on strike and forcibly evicted them.

Is there something that the Government of Mexico has agreed that this would be used in anti-narcotics or anti-terrorism instead of more on the civil side like we are seeing and we are hearing?

Mr. SHANNON. Sir, the purpose of the Merida Initiative and our conversations with Mexico and Central Mexico is to provide equipment and training to fight organized crime and drug cartels, not to be used for purposes of public order or to suppress protests. The kind of training involved, the kind of information platforms involved, are designed for that purpose.

This is obviously something we are going to be watching closely, and it is something we will be working with NGOs, especially human rights groups and others in Mexico and Central America, in order to track how certain systems like helicopters and aircraft

and specific training and groups that have this training, how they behave.

One of the important challenges that Mexico and Central America face is building civilian law enforcement agencies that are really about law enforcement and not just public order. It is a huge challenge, but it is a necessary challenge at this point.

Mexico in particular is unifying its Federal police force and, in the process of unifying its Federal police force, creating standards and benchmarks for police behavior not only at the Federal level, but also at the state and local level.

One of the big challenges Mexico faces today is they can't create a unified police force because it is a Federal system similar to the United States, but they can create unified practices, training and expectations and then use their courts through evidentiary procedures and certain human rights guarantees to ensure that these different levels of police organizations respond in a way that makes sure that this training and equipment is not used in human rights violations, but it is something we are going to be tracking very closely.

Mr. GREEN. But that is something that has come up in the discussion?

Mr. SHANNON. Oh, yes.

Mr. GREEN. And it is documented that most of these incidences were actually state police.

Mr. SHANNON. Correct.

Mr. GREEN. In the end we want to deal with it. We wouldn't want it happening.

I have to admit we have problems. Sometimes our Federal courts and justice system actually go after our local police at different times, so I assume they have the same system in Mexico. If there is a problem, a human rights violation, the Federal Government, the government, the national government, could actually file on these.

You know, generally I have watched Mexico for the last—well, my whole life really.

Mr. SHANNON. Right.

Mr. GREEN. I have watched since President Calderón has been there with some success, a great deal of loss of life of both police, even military.

We heard earlier our colleague from Indiana talk about the incidence of police from Mexico or armed forces from Mexico crossing into the United States. We were at a hearing a couple years ago in Houston where that came up. I asked I think it was the ICE person then about that. Is there any response to that?

You know, we hear this all the time, and I know it is popular on the internet, but I would like to at least at a public hearing. I know the problem with the Zederos that may have a uniform that can assume that, but do any of our witnesses have any information on that, any more than our armed forces or law enforcement officers going into Mexico unless they are invited or cooperating?

Ambassador LINO. Congressman, we do have a very cooperative set of what are called border protocols to look at incidents along the border, particularly violent incidents, but there is considerable cooperation between ourselves, ICE and CBP, and the counterpart

agencies in the Mexican Government to ensure that these things are sorted out quickly if they happen, and hopefully to avoid them happening in the future.

Mr. GREEN. Okay. You know, that is something we hear, and I want to make sure that what we are doing in assisting the Government of Mexico or supporting what they are doing, we can also sustain it here with our own constituencies.

Ambassador LINO. Absolutely.

Mr. GREEN. Mr. Chairman, I don't have a clock to tell me how long I have.

Mr. MEEKS. Go ahead. One more.

Mr. GREEN. One more? Okay.

Mr. MEEKS. Ms. Giffords is fixedly waiting.

Mr. GREEN. Okay. This is the first of a 3-year plan program, and I know that most of the money will be in Mexico and some in Central America.

Does the administration have goals and objectives over the 3-year period that you can just say briefly so we will see those benchmarks and, like you said, making sure the equipment is used for anti-narcotics or terrorism in Mexico?

Mr. SHANNON. Yes, we do. Thank you for the question because it is an important one.

The focus on the program is fighting organized crime and drug trafficking in Mexico and Central America and working through civilian law enforcement authorities and the judicial system to attack organized crime and drug trafficking.

As we build our metrics and work with the Mexicans and Central Americans to give them greater precision, we are looking at interdiction of drugs. We are looking at arrests of drug traffickers and organized crime. We are looking at interdiction. We are looking at increased prosecutions, rapidity of prosecution; in other words, how quickly you move people through a judicial process.

We are looking through incarceration. One of the earlier questions was whether or not people who are arrested and prosecuted and charged actually spend time in prison. We will be looking at that closely, looking at the totality of administration of justice.

Another aspect of the program related to institution building is how we work with law enforcement institutions to build their own internal inspection ability and auditing ability, which we will also be able to measure the identification of corrupt police officers and their arrest and prosecution.

So we have at each of the components in our program, both in Mexico and Central America, we will have metrics, kind of broad-based metrics, but assuming the Congress does see fit to fund this program more precise metrics that we are happy to share with you.

Mr. GREEN. Okay. Thank you, Mr. Chairman.

Mr. MEEKS. Ms. Giffords?

Ms. GIFFORDS. Thank you, Chairman Meeks. Again, I want to thank our panelists for coming today.

The topic of the hearing today is U.S. obligations under the Merida Initiative. You know, as I said in my opening comments, I was really hoping to hear some real specificity.

I do appreciate Mr. Hoover's comments and Mr. Placido as well talking about specific initiatives, but when I hear words like inter-

agency collaboration, partnerships and all of the problems that come with narcotrafficking but no real specific solutions, it makes me a little concerned.

You know, I believe, Mr. Shannon, you talked about the fact that Central Americans and Mexicans are watching very closely. My border sheriffs have never heard of the Merida agreement. My local law enforcement agents have never heard of this.

So my concern is there are discussions at some very high levels, but when it comes down to the boots on the ground, the folks that actually have to implement and have to deal with the day in and day out of enforcing our laws, that message is certainly not getting carried down.

Again, I really want to specifically talk about what is working and what is not working in my area, which is the most highly trafficked area along the United States-Mexico border. I mentioned earlier that last year almost 400,000 apprehensions were made. A tremendous number. Ten percent at least have felony records.

I am not going to make you guess, but I think you would be surprised to know that less than 2 percent—1.4 percent of the apprehensions—of those that were apprehended were actually prosecuted, those with felonies, by the U.S. Attorney. One-point-four percent.

There is a huge breakdown in the process. Unless we get our house in order, putting hundreds of millions of dollars into Mexico and Central America, I frankly don't see it as a real solution.

To start off, let us talk about local law enforcement. Let us talk about the fact that our border sheriffs have some very specific solutions in terms of traffic, the southbound trafficking of drugs and demand.

I know we were talking about a couple trial programs, but I would like to hear specifically about how this initiative might actually deal with some of the problems that we know we can control right here in the United States.

Ambassador LINO. Congresswoman, in my written testimony I described some of the things that we are specifically doing.

I am sure you are familiar with the Border Enforcement Security Task Force, or BEST, that Secretary Chertoff adopted in 2006 which combines both CBP together with state, local and tribal authorities and the presence of, in this instance Mexican officials as well, working together to provide a comprehensive approach to some of these issues.

DHS considers the BEST program, one of the most successful ones we have, and it is something that we would seek to expand using the strengths of both the United States and the Mexican representatives on these teams to work on these issues.

Some of what you have described in terms of prosecutions obviously falls into another agency's area of operation, but we do have other initiatives. We are working on items such as bulk cash smuggling into Mexico. ICE, together with Treasury, DEA, FBI and others, is in the process of creating a study to look at exactly how bulk cash is moved and how it flows into Mexico.

I think there are a number of concrete things that are being done that respond to your question.

Ms. GIFFORDS. Yes. You know, we are probably not going to be able to resolve this today, but when my border sheriffs and my local law enforcement have no idea what these plans contain and have some really specific solutions to problems and aren't included in part of the solution I think we are missing the boat in a very major way here.

We can talk about interagency and comprehensive plans. I mean, we can plan up the wazoo, but the reality is that help is not getting to the front lines.

I was in the Federal courthouse just 2 days ago. Again, what does it take to actually make 10 percent, 25 percent, to actually arrest and detain people who are here with felony records that are crossing illegally? It is not happening. It is not getting done.

We have magistrates in Arizona in 1 month who do more work than the rest of the magistrates do just on average in the rest of the country and yet no additional funding for them. There are no cells available. There are no holding cells. I mean, when you look at the magnitude of the numbers and the lack of funding and resources that come down it is frankly pretty appalling.

You know, I could work with each of you individually, but I really want to specifically talk about the folks that are on the ground and the resources that they need to solve the problems because it is not easy. We had a Border Patrol agent killed out in Yuma just a couple of weeks ago. You know, it is not tolerable.

Another couple of points I would like to bring up in terms of actual benchmarks. Do you have benchmarks in this initiative that look at proven success in terms of decreasing the southbound traffic for both guns and drug demand?

Are there specific benchmarks? Not theoretical, but actual benchmarks that we know whether or not we are hitting the mark? Is that included in any of this agreement?

Mr. SHANNON. In the Merida Initiative itself it is not because the Merida Initiative is a foreign assistance program.

However, one of the things that we are trying to do here, and this is an important aspect of this hearing and it is why we appreciate your comments because this is a moment to link a foreign assistance program with a domestic program and to make sure that the agencies that control the border, that track weapons trafficking, that track drug flows, have an ability to share information so that we know not only what is coming north, but what is going south.

My colleagues might want to comment further, but this is really why this initiative is important because we have to have this ability to connect what we do in our cooperation programs with Mexico and Central America and what we are doing on the north side of the border because if they don't connect, if they don't make that connection, if your border sheriffs don't understand what is happening, the program won't work.

Ms. GIFFORDS. It is not that they don't understand it. They have never heard of it.

Mr. SIRES. Yes.

Ms. GIFFORDS. It is not that they don't understand. I mean, they are smart folks.

Getting to an actual specific point, the National Southwest Border Counternarcotics Strategy. I don't know who could specifically talk about that, but this is an interagency working group chaired by a number of agencies, including DHS. They implemented a plan that included 68 separate recommendations.

Now, we understand by October of last year 53 of those recommendations had been completely or partially met, so I am curious about these 15 recommendations that were not met. Can anyone speak to that initiative?

[No response.]

Ms. GIFFORDS. Okay. Well, maybe someone DHS related can get back to me on that.

Ambassador LINO. Certainly.

[The information referred to follows:]

WRITTEN RESPONSE RECEIVED FROM THE HONORABLE MARISA R. LINO TO QUESTION
ASKED DURING THE HEARING BY THE HONORABLE GABRIELLE GIFFORDS

The Southwest Border Counternarcotics Strategy and Implementation Plan (Plan) contains both single and multi-year implementation events. As of April 2007, 53 recommendations were either completed or partially completed. Many of the remaining 15 recommendations have not been "completed" because, among other things, they may be occurring in an out-year—instead of the beginning years of the Plan. The Department is committed to working with the Office of National Drug Control Policy and the National Security Council in ensuring that all remaining recommendations are implemented and that the Plan's statutorily required updates are completed on time.

Ms. GIFFORDS. If we can talk a little bit about some of the ATF issues.

Mr. Hoover, you talked about being able to run guns through this tracing system. Are 100 percent of the guns run through this tracing system?

Mr. HOOVER. No, ma'am. We could not say that. The guns recovered in Mexico or domestically?

Ms. GIFFORDS. Well, domestically because you said or I thought that I heard you say that all guns are run through this tracing system.

Mr. HOOVER. All guns by law enforcement agencies that cooperate and utilize our eTrace system are run through that, but I would in no way be able to say that 100 percent of the firearms recovered or seized in the United States or Mexico are run through this system.

It is something that we do. We go out and conduct training domestically and internationally in an attempt to get law enforcement officials to conduct this trace information because, as you can see by the charts we provided before, it is a great deal of information that not only assists us in our firearms trafficking strategy, but also the information that goes back to those agencies that will help them in their criminal investigations as well.

Ms. GIFFORDS. Mr. Hoover, the information that I have is that relatively a small percentage of those guns that are actually apprehended or actually found actually are run through the tracing system, so I would be curious to see the actual percentage that actually go through the tracing system because I think that is an area where we can really pinpoint.

Mr. HOOVER. Correct.

Ms. GIFFORDS. Again, the studies that I have show that it is actually a relatively small number.

Another area that I am concerned about is firearms stolen from the Department of Defense facilities and National Guard armories have reportedly been trafficked in the small black market in Mexico.

It looks like some of these arms originated in the United States, so I am curious what role Congress can play in terms of specifically looking at military armaments and the smuggling of those weapons.

Mr. HOOVER. Yes, ma'am. If you are referring to an article that I believe was written by the Congressional Research Service and getting that information, we are not sure where they obtained those statistics.

We checked our tracing system for the past year, and we have found six firearms that were traced in Mexico that actually originated with the military. There were five AR-15 or M-16 type .223-caliber weapons and one M-60 machine gun that we know for sure went back to the military.

We are not seeing large numbers of firearms that have originated either stolen from National Guard bases or our military bases. We are just not seeing that.

Ms. GIFFORDS. Okay. All right. Well, I will follow up with you on that as well as to the number, as well as the percentage. I think the number here is looking at maybe 25 percent actually are actually traced in terms of the actual arms.

Mr. Chairman, I hate to belabor this point, but I think it is really important if there is a specific process that we know works.

Mr. HOOVER. Right.

Ms. GIFFORDS. Again, if we are not allocating the right amount of resources, I think we need to get this right.

A couple of additional points that I would just like to bring up in terms of we are looking at a proposal for \$550 million. That is a lot of money.

When looking more closely at the Office of National Drug Control Policy, and I believe that you received over \$26 million for funding in the Fiscal Year 2008. The stats that I showed—and, Mr. Burns, you spoke about this—actually showed that there has not been a decrease in drug use among psychotropic drugs or cocaine in the United States; a very, very small decline in marijuana through the last 4 years or 6 years.

I don't want people leaving here thinking there is a belief that there is not a drug demand out there in the United States because the studies that I show actually show that it is increasing.

Mr. BURNS. I want to leave here thinking that because that is what our office does. That is what we are charged to do, and you fund us.

We are the experts. We get paid to get it right. We have had surveys in place in this country for years under Democratic Presidents and Republican Presidents. If it comes back bad, it is bad. If it comes back good, it is good.

The news from the Monitoring the Future survey and from the Household surveys—some 68,000 go out every year, and we have been doing it since the 1970s. When they come back, there is no

political bent on how we read them or we add them up. Drug use is down.

When DEA reports to us in 37 major cities, including New York, which is unheard of, there is a cocaine shortage it is good news. Some people may say they have a different statistic, but again our job is to get it right.

Ms. GIFFORDS. Again, I am looking at a report dated February 1, 2008, with the National Survey on Drug Use and Health. That is the survey that I am actually looking at in terms of the usage in terms of selected illicit drugs among persons 12 years of age and older.

Again, my concern is that there is a big demand here. You know, we are funding your agency to the tune of, like I said, over \$26 million. There are programs out there that specifically—and I don't know all of them, but I am trying to mention the ones at least I am aware of—talk about the shortcomings.

We have this Operation Jump Start, which was very successful in Arizona, and I know that funding is now being pulled from Operation Jump Start. The program has now ended, but here was a specific example of where the Federal Government can come in and make some real headway in terms of the counterdrug trafficking and smuggling as well.

Operation Streamline is starting to get rolled out in Arizona. There have been successes in Texas. Again, when you look at the 1.4 percent prosecution rate and the fact that we just do not have the support along the border, I don't know how in our good conscience we can go to Mexico and go to Central America and say we are going to fund you to the tune of \$550 million when we can't seem to get it right here in our country.

I just have some real big concerns not having the specific benchmarks in place not just for us, but for them. To drop \$550 million in this economy with the needs in this country without having our house in order I don't think is something that this Congress should do in good conscience. I just don't.

Mr. BURNS. Well, I would just say that the idea is not to send the \$550 million to the State and local and the Federal entities on this side of the board.

I would hope in a discussion with your sheriff, and I was a county attorney for 16 years and spent a lot of time riding around with a lot of local sheriffs. You are right. They are bright, but they would get it because I have heard them say, "When is Mexico going to start doing their part? When will they help us?"

We have had those discussions with them, and with this President—and I don't think anybody can deny—he has made a pledge to help us. He has done things that are unheard of. He has gone to the border and taken guns away from corrupt law enforcement officers. He had 83 extraditions last year into Mexico. I remember when one or two was a big deal.

Oseal Cárdenas landed in a plane in Houston. We talked about Pablo Escobar before. There are no Pablo Escobars anymore. There aren't. We are way down the ladder. We do target them. There is a CPOT list, Consolidated Priority Organizational Target. There is a list, and we go after them. The AFO dismantled. That is all we

heard about 2 or 3 years ago. The Arellano Felix Organization. They are gone.

Mr. Placido can talk more specific about it, but this is an idea to turn to Mexico and say what would help you help us?

On our side of the border in Arizona we have the HIDTA, and I know your sheriff has heard of that. The High Intensity Drug Trafficking Area Program that I oversee brings Federal, State and local law enforcement together to coordinate and to talk on counter and drug efforts on this side of the border. The office is in Tucson.

They will tell you that they want the Mexican side to be more involved and engaged and to share intelligence, so that is the idea of this initiative, Congresswoman.

Ms. GIFFORDS. No, I understand that. I think most of those border sheriffs that are really frustrated about what is going on in Mexico would no doubt question Mexico's responsibility, but we are talking about \$550 million of United States taxpayers' money compared to about—and I understand over the next 3 years it will be about \$7 billion. Is that correct?

Mr. SHANNON. No. The \$7 billion is the amount of money that Mexico is spending on its security through its security budget.

We are looking at a program that will be around \$1.4 billion over 3 years.

Ms. GIFFORDS. Okay. So they are going to spend \$1.4 billion. We are going to spend \$550 million.

Mr. SHANNON. No. I am sorry. Over 3 years we are will spend \$1.4 billion.

Ms. GIFFORDS. Okay. And what is Mexico going to spend?

Mr. SHANNON. They are spending \$7 billion this year, and that number will be going up over time.

Ms. GIFFORDS. Okay. Well, there is no doubt that President Calderón has done extraordinary things and he should be applauded and commended. You know, we have a terrific partner down there.

My concern is that we need to be having better discussions about how we can help folks really on the front lines because you can have all these plans and they can sound great here in Washington.

When it actually comes down to being there, I mean, I don't know how long it has been since you have been back to the southwest and actually see what it is like to apprehend 400,000 people every year.

We need help, Mr. Chairman and members. You know, I just am really concerned that we are missing the big picture when it comes to actually being able to fund projects that actually work.

Mr. ENGEL [presiding]. Thank you. Thank you, Ms. Giffords.

Mr. Meeks?

Mr. MEEKS. Thank you, Mr. Chairman, and thank you for holding this hearing. I think it is very timely. We get a chance to hear what the administration has in mind as we move forward.

I was reading a report the other day from the GAO, and it indicated that 90 percent of the cocaine that went from South America to the United States went through Mexico in 2004 and 2005. In fact, the report said this was up about 66 percent from 2000.

It is argued by many that Mexico has increased its transit capacity because of some successes I guess that we have had in Colom-

bia, the result of the demise of the Medellin and Cali cartels, the closure of the cocaine trafficking route in Florida. Some say because of that now it is going through Mexico.

Many believe, and I am one of them, that our biggest problem is the demand here in the United States and that as long as there is a demand in the United States the routes will change. You can close something and another route will open up.

My first question to you, and I have some issues. I hear what Ms. Giffords is saying and I would like to know some specificity, but let us use a hypothetical situation and say that if it works, because my concern is to make sure that the persons in the neighborhoods in America are not on drugs.

If it were successful, do you believe that we are going to see fewer drugs in the hands of Americans? That is the first question. Or will drug traffickers just continue to find another route? It seems to me they keep moving it. They change the route. They will find another route to bring their drugs into the United States.

I am concerned about the moving of these routes and the Mexican drug cartels and saying that they are eradicated that in the future we will be saying that we need to do what we are doing now in Mexico maybe in one of the Caribbean islands because now the routes would have changed from Mexico and go through the Caribbean.

I would just like to hear something I guess maybe from DEA or anybody who wants to answer. Are we thinking about that in advance? How can we prevent history from repeating itself?

Mr. BURNS. Let me just say that cocaine use in the United States has decreased by almost 75 percent since 1979. You remember when Len Bias died and Americans were using cocaine at incredibly high rates.

It used to be that they would take off from Colombia and land in the United States with loads of cocaine. They don't do that anymore. Mr. Placido would know far better than I.

They went to Go-fast. They have been very successful in Colombia and in Mexico shutting that down. The latest intelligence is they have to build submarines that cost \$2 million and are not as effective as before.

With this President in Mexico, President Calderón, and the pressure on the border and what he has done so far without our help, without the Merida Initiative, we are already, Congressman, seeing results. If there is a cocaine shortage in 37 major cities, somebody is doing something right.

Mr. MEEKS. So your answer is yes, you think there are going to be less drugs in Americans' hands?

Mr. BURNS. Less drugs, as long as we continue with a balanced approach.

We have to have prevention and education and treatment capacity like in Congressman Giffords' district. She is one of 22 States that got an Access to Recovery grant, \$8 million a year for 3 years. I think there are five Drug Free Communities in the Tucson area, \$100,000 a year for 5 years. Drug courts. Arizona was a pioneer in drug courts.

We have to stress the prevention and the treatment side, but on the law enforcement side I have to look at my brothers in law enforcement to the left and say they are doing a pretty good job.

Mr. PLACIDO. Could I? I think it is an excellent question, Mr. Meeks, and I will begin my response by telling you that I think it is vitally important that we invest in Mexico and we invest in Mexico now to do this.

Just a little bit of history. Mexico's role and the evolution of Mexico as a key player in the flow of cocaine to the United States largely began in the late 1980s when Amado Carrillo Fuentes and other Mexican organizations started accepting payment for the transportation of drugs in cocaine instead of dollars and had to sell those drugs.

But what we are really looking at is geography. If you look at the average size of a seizure in transit to Mexico, they are measured by the metric ton. Go-fast boats carrying one to two metric tons. On fishing vessels, we seize upwards of five to 20 metric tons in containers. But then the seizures that we make in the United States that come from Mexico are weighing less than 100 pounds.

What that tells us in law enforcement is that drug traffickers view Mexico as a safe haven, a place where they can store large quantities of drugs and play the laws of the odds and shuttle those drugs across the border in large numbers and small quantities.

What we believe at DEA is that we have to take an offensive position, defense in-depth and deny this area where we have a 2,000 mile long border with Mexico to the traffickers so that they can't move these large quantities into Mexico first.

While certainly this is a game of action and reaction and counter-action, denying traffickers' access to Mexico, which shares this long border, is hugely effective, and if we deny them access to this area all of the other problems that we might have in the Caribbean or other places will pale in comparison.

Mr. MEEKS. Let me just throw this out then only because it seems to me that sometimes the drug traffickers look for the governments that are in upheaval, the governments that are weak, the government that is less organized.

Would it make any sense to also be looking at, for example, doing some kind of preventive measures in Haiti, for example, because it seems to me that would be a nice, sweet spot for somebody else to go through.

There are other problems with some of the other smaller Caribbean islands. The government is not strong, nor do they have the resources to do what President Calderón is doing in his area so now they go, see resistance, they move and say we are going to go to the path of least resistance.

Have there been any thoughts about any preventive measures by saying okay, we are going to shut this down, but we better also make sure the pathway to Haiti and the other Caribbean islands are not open?

Mr. PLACIDO. Sir, there absolutely has been a great deal of thought to that. A multi-agency program that DEA leads called the Drug Flow Attack Strategy works along those lines, and it designed to anticipate what is going to happen after we take enforcement action in a particular area.

We have foreign deployed advisory and support teams, and we are working very closely with governments. As you know, DEA has 62 foreign offices. We have 86 offices in 62 foreign countries if my math is right. We are constantly looking and evaluating what happens if we are successful in Mexico. There has been great thought already to what will happen then and whether that containerized cargo is going directly to the United States or moving through the Caribbean.

I can tell you that there is not only planning, but discussion about resource movement and the ability to lift and shift and deal with those problems long before the first dollar of this initiative has been spent.

Mr. ENGEL. All right. Thank you, Mr. Meeks.

Mr. Delahunt, Mr. McCaul has graciously allowed you to jump in.

Mr. DELAHUNT. I thank my friend from Texas for his graciousness.

I think any effort to enhance cooperation clearly has to be applauded, and I concur. I want to direct my questions to Secretary Shannon.

You indicated that it is a foreign assistance program. My concern is cost. We have an economy now that is struggling severely, and if anyone has any questions about that they should check their 401[k]. I think you would be able to agree.

We have a very weak dollar. The peso is stronger or has strengthened vis-à-vis the dollar. We just had a report about a job loss for the first, I think, occasion in 60 months. We have Americans losing their homes. The figures are daunting. We are talking about foreclosures in the range of several million.

And yet Mexico is doing well. Their GDP is increasing at a faster rate than our own. I will be making these same observations in the next cycle when we discuss assistance to Colombia.

Again, I want to be very clear. I applaud the initiatives. I think cooperation is essential. I think we will notice some good results, although I do disagree with the Deputy Director of ONDCP. I don't think that we can say that it is as a result of enforcement that there is a shortage of cocaine in this country because, as I am sure he is aware, cocaine is exploding in Europe so there is a lot of cocaine that is being diverted. They just simply can't grow it fast enough.

We do have a problem with drugs in this country, whether it is cocaine or whether it is Oxycontin in the northeast, whether it is meth in the midwest; so in the end the ultimate answer is demand. I concur with the chair and other colleagues who have expressed their opinions on that.

Back to the Secretary. One-point-four billion dollars over 3 years is a lot of money, and this is a concern that was expressed by Congresswoman Giffords.

It is difficult for me to go back to my district, and I am sure the same is true of others, and ask American taxpayers while they are hurting and hurting badly to fund this initiative while the Mexican economy is improving. I am glad that it is improving, but it is clearly to the advantage of the Mexican Government and the Mexican people to participate in this effort.

My reservation is about A) the cost, and I guess there is hardware involved here and helicopters, and I can see a rerun of a movie that has played its way out with some success, I might add, in Colombia.

If the American Government or rather the Mexican Government and the Mexican people want stability, and they do, they want to see a reduction in violence. We read about it. We all abhor it, and we sympathize with those areas in Mexico that are experiencing it, but it is really the responsibility of the Mexican Government to pick up the tab. This is all about picking up the tab. Who is picking up the tab?

So I guess, Secretary Shannon, you have got some convincing to do. I understand that you were involved in this initiative. It makes sense. I have great respect for you, but my reservation is one of, Who is paying the bill? We can't afford to pay many more bills. We are running out, and we can't continue to borrow.

We have foreign debt that is being held by the likes of the Central Bank of China in excess of \$1 trillion. There comes a point where we have to take care of ourselves and the home front as the gentlelady from Arizona said.

With that, I yield back.

Mr. ENGEL. Thank you.

Mr. McCaul?

Mr. MCCAUL. Thank you, Mr. Chairman. I appreciate you holding this hearing on what I consider to be one of the most important issues we have facing us. Certainly coming from Texas, from the border State, this is the number one issue is the border back home.

I was very pleased and I did want to report to this committee on the recent trip that Congressman Cuellar and I took down to Mexico under the auspices of the Homeland Security Committee, a fact-finding mission. We started in Matamoros, which is the headquarters for the Gulf Cartel. It was interesting to see the visible presence of Federal troops at the border.

We went to Mexico City and met with the Mexican Attorney General at the very time one the top cartel members was captured. We discussed the Border Patrol agent that was killed by the drug smuggler and asked for their assistance. Within days he was captured and extradited.

Then we had a very long and productive discussion with President Calderón and with our Ambassador, Tony Garza, for about an hour talking about this very issue. I know Henry will comment on his experience, but I have to say, and I went in with all the tough questions, but I walked away with one thing in mind, and that is that they assured us that this President, this new administration, are very serious about the security issue. It is their top priority. I think we have an obligation to help them with that.

I think we have a unique opportunity here, and the window may not be open forever. My sense is that for them to admit they have a problem, and we are part of the U.S.-Mexico Interparliamentary Group. For many years they wouldn't even admit that there was a problem here. Now they not only admit they have a problem, but they are now requesting our military assistance, which is a hugely significant shift in their politics.

The commitment of 30,000 Federal troops to the northern border by the President of Mexico is astounding. The extraditions that have taken place over the last year are impressive, and they are really cracking down on these cartels fiercely, which is causing a spike in violence, but after all these cartels control the routes into the United States. They control the drugs coming in, the human trafficking coming in.

In our post-9/11 world we don't have to discuss that threat, but that threat could be real. The drug cartels are, I remind you, at the root cause. Anything we can do to eradicate that problem I think is money well spent and money well invested.

I believe that the Congress has a bit of an educational process to go through. I think there is a lot of misinformation that there is a blank check here. This is one thing I want to hear from the panel is when I reviewed what is proposed it is primarily military equipment, surveillance equipment.

We met with the top Mexican generals down there, and we said what do you need? We need Blackhawk helicopters. We need AWACS surveillance planes. We need military assistance, military surveillance equipment.

Again, I see this as a very unique opportunity. The corruption is an issue that a lot of Members of Congress have a serious problem with in terms of the \$1.4 billion package. Secretary Shannon, what kind of assurance can you give us in the Congress that this money—actually it is mainly equipment.

Maybe you can clarify that misinformation first. What kind of assurance can you give us that given the amount of corruption there that the Mexican Government will be accountable and that the oversight will be performed so that there isn't the fraud and abuse?

In terms of maintenance, who will have the responsibility for the maintenance of this equipment?

Mr. SHANNON. Happily, sir, and thank you very much for your trip and Representative Cuellar's trip to Mexico. This is important for us to make sure that the people have this opportunity to meet and to talk directly on the ground to Mexican authorities and understand the unique opportunity that is presented to us.

As we work through these proposals and as we present them to our Congress, what we are proposing, of course, is spending \$550 million in the Fiscal Year 2008 supplemental request and \$550 million from the Fiscal Year 2009 request largely through our Bureau of International Narcotics and Law Enforcement working with the several agencies here at the table and through our Embassy in Mexico and our Embassies in Central America and using our standard letter of agreement form to manage how the equipment and training is used and accountability.

There is end use monitoring requirements in our LOAs and there are accountability mechanisms that we feel pretty good about. Obviously this requires a lot of work and we will be using personnel on the ground and here in Washington to make sure that we have the capability to track how equipment and also how training and units that are trained and individuals that are trained help participate in this larger effort.

As we look at Mexico, you made the point that this is an opportunity where the window is closing. I said earlier in the hearing

that the Mexican leader, the Central American leaders, the populations of these countries understand the gravity of the threat they face. They understand what organized crime and what drug trafficking cartels are doing to their own democratic states.

As we look at the amount of money that we are proposing and especially the amount of money we are proposing over a 3-year period, we recognize it is a lot of money. We recognize that we are in a tight budget environment and in an economy in which we have to explain why we are doing this.

I would say that this is money well spent. It is money that is designed to complement what countries in the region are already doing and complement it in ways that they themselves can't manage, whether it is in terms of specific kinds of airframe or airlift, whether it is in specific kinds of scanning devices, specific kinds of information sharing platforms or in specific kinds of training.

We have tried to be very careful in terms of what we have identified and what needs to be funded. We would argue that in this regard the price we pay, while significant to the American taxpayer, is linked to a bigger price being paid in Mexico and Central America not only in budget terms, but also in terms of blood.

The Mexican police and the Mexican army have suffered hundreds of deaths in this fight against crime. As President Bush highlighted, we are part of the problem. We need to be part of the solution. They are opening a door for us to be part of that solution and to be part of their solution away from our borders.

One of my colleagues here talked about a deep defense. The reality is we cannot defend our border at the frontier. We don't have the local and State resources to do that. Even if we diverted Federal resources to the frontier, it would still be hard.

We need to have partners, and those partners are offering their help right now in Mexico and in Central America and so while this is extensive, while it is significant and while there is a larger political challenge of explaining it to taxpayers, I believe that we can explain it in terms of our long-term interest not only in fighting drug trafficking and organized crime here in the United States, but having partners in Mexico and Central America that are democratic, that are committed to our values and that are prepared to work with us to address problems that we view as collective.

Mr. McCAUL. Coming back from Mexico City, it was really—we share this border. We share the problem and we share the responsibility. I think what they are looking to us for is a commitment to be part of that solution so I thank you for that.

Mr. Chairman, could I have one more quick question? It has to do with the gun issue. Every time we talk to whether it is the Mexican Attorney General or the Members of Congress, and Congressman Cuellar will tell you this. It comes up all the time. They essentially blame us for the cartels' weaponry.

You know, AK-47s, I think a lot of those are coming from Russia maybe through Venezuela. Can you comment, Mr. Hoover, on their estimates are quite high that the majority of the weaponry does come from the United States. I don't know if that is exactly true. That is the first part of it.

The second one is we really emphasize the coordination and cooperation with BATF in tracing these weapons, and we send a pretty strong message down there to them regarding that.

So if you could comment on the numbers coming from the United States into Mexico if you know that and then, secondly, the level of cooperation that you have?

Mr. HOOVER. Sir, the numbers that we show come from the traces that Mexico completes, and they come through the eTrace system.

I believe your visit worked. They have agreed to expand the eTrace system within the consulates and also eventually within the 31 states. They have offered us to put it on their Platform del Mexico as well when they get their national computer system up and running.

It is obviously going to help when we get the Spanish eTrace version of our system up and running as well. Until then we are utilizing translation methods to be able to trace these weapons. The number that we put out that says 90 percent of the firearms recovered in Mexico originated in the United States, that is because of the tracing information that we get from them and utilizing those traces.

As I stated previously, we have met on several occasions with many members of the Mexican administration, and we continue to espouse to them that eTrace is the way to go to get this information.

We have an Attaché office in Mexico City. I know you are all well aware of that, as our colleagues here. That communication is daily. We are trying to enhance our information flow to and from Mexico City to ensure we are doing the right things as far as our criminal investigations and the firearms being trafficked into Mexico.

They have gotten much better. There is much more effective and efficient flow of information back and forth between ATF and our counterparts in Mexico.

Mr. MCCAUL. Thank you.

Thank you, Mr. Chairman.

Mr. ENGEL. Thank you.

Mr. Cuellar?

Mr. CUELLAR. Mr. Chairman, thank you again for allowing me to sit here with you at this committee. First of all, I want to thank the committee and the witnesses we have here.

I am from the Laredo border area, born there, very familiar with the border. The dynamics on the border are very revealing in so many ways. I agree with Kathy when she was mentioning a few minutes ago about in order to support those who are getting some pressure from our local law enforcement officials.

I am again familiar with the BEST program. We started that in Laredo. It is one that expanded. I think we need to put a little bit more to expand it more, but it is working with the Mexicans, which is important.

You know, there are other opportunities that we can use to work with the local law enforcement. I think they are willing as they get those telephone calls from the jails because there is some work that is done inside the jails. They are willing to open up the jails for the telephone calls that are coming in.

When Border Patrol has some of those towers, as they went up I think it is a good idea if we can use some of those towers because sometimes they have interoperability communication issues, so we can use those assets with them.

There are a lot of things that we have done to enhance the border line in the last couple of years and other things that we want to work, but there are some things I would ask you all to continue working with them because that puts us in a difficult situation.

Mexico, that has a 2,000 mile border with us, gets I believe right now it is about \$47 million from the United States in assistance. I don't want to mention any other countries, but there are other countries that get \$800 million a year, up to \$1 billion a year, \$500 million, \$140 million a year.

And here is Mexico that on a daily basis they trade with us, goods and services, \$1 billion of commerce between the United States and Mexico. One billion dollars a day. That doesn't include retail. It doesn't include tourism, so the connection on an economic impact is tremendous for both sides. Two thousand miles. Almost 2,000 miles of border.

At the same time, when we are seeing them having trouble our assistance to them is \$47 million compared to some of the other numbers where I have mentioned other countries.

Mexico is at a point, like Michael said, that they are asking for assistance. As Michael said, Representative McCaul, we spent time with the President. Not only with him; we spent 2 hours with the Attorney General. We were there. They had just captured the drug cartel leaders. He was excited about what they have done.

At the same time we were there, one of the individuals, one of his lieutenants, one of his top people, the person there, we were told afterwards that you can understand the pressure they are under, personal pressure that they are under, about how he is having personal problems because of his wife and the kids, because of security reasons, puts a lot of pressure so you can understand what those individuals are doing on a daily basis because they are targets. They are targets.

One of the things that President Calderón said that I think was very important when we sat with him, he said we have to win this war. We are going to continue sacrificing money, the \$7 billion. They are putting a lot more than what the United States is talking about. We are going to sacrifice money, and we are going to sacrifice blood. Men and women in the front lines, their soldiers, their Federal law enforcement officials, are being killed. So they are very serious about what they are trying to do.

When we were there he was very open about understanding that there are problems, the lack of confidence in the local police on the borders. We were there on a Monday. The next day in the morning, as you know, the Federal troops came into a lot of the northern border towns and basically started making changes there because he understands there is a corruption problem.

Again, I would say that it doesn't stop at the Rio Grande. It is in the north and in the southern part and in other places, but he understands that they have to make changes.

The assistance that we want to work with them is it is interesting because, Mr. Chairman, we are in a situation where we are

trying to find a comfort zone with Mexico. It is a paradigm change because they always wanted to keep us apart, but they understand how difficult that is so we do have a window of opportunity to work with them.

The assistance again, my understanding is not a single penny is going to be transferred over to them. It is transfer of technology, equipment and training. It also includes x-ray machines to be used at the borders and other points of entry, which again helps us over here. It helps them improve their data, their immigration database also. That is going to help us in the United States also.

It is a rule of law, human rights training, other things, so we have to be careful that we don't just talk about helicopters. That is a small piece. There is a rule of training. There is judicial training. There is prosecutory training. There are other things that are important.

In fact, if you look at the military I believe just when we were there just a couple months ago had named what is a Director of Human Rights or something to that extent, which is something different. They are opening up the Mexican military to more women.

They just had a human rights case where a soldier was accused of rape and instead of just going to the military like they always do they took him to a nonmilitary court, so they are making changes because they want to make sure that they work with the United States.

Now, Mr. Chairman, I understand the difficulty, but I think it is up to Congress, with all due respect. I know there was an issue where you didn't inform us. When we talked to a Mexican congressman and senator they were complaining about their administration also, just like we were. They are in the same shoes that we were.

I think ultimately it is going to depend on us as to how we structure this. Let me tell you. You know, on the border what we are hearing on the other side, the Mexican cartels permeated and infiltrated civil society, and if you think this is bad it is going to get worse. Let me tell you why.

Imagine if you open up a business, Mr. Chairman, and then you get a knock one day and say guess what? You have a partner. You have to pay a tax on this. It is basically some of the organized crime saying in order for you to continue you have to pay a tax. That is another way how they collect them. Besides selling drugs, they are permeating civil society.

This is right across from my hometown, just right across the river. It is up and down the river. This is what I am worried about because there is no magical line in the river, at least in Texas, and I am talking about the Rio Grande. We have a saying the Rio Grande unites us. It doesn't divide us.

We are coming up with a solution about spending billions of dollars on a fence, which I think is a false sense of security. I would rather use it in other ways of providing security, but anyway we are looking at certain things here and there is nothing in the Rio Grande that is going to stop this spillover to the United States.

I think local law enforcement or law enforcement would tell you yes, it has happened already. The spillover has happened or it is going to happen more. We can argue about how much the degree is, but the thing is it is to our own interest to help the Mexicans

win this on their side because I would rather have our local law enforcement do our work here on our side, but at the same time fight it on the other side because there is not an imaginary line that is going to stop the bad guys from coming over to the United States.

It is a lot easier being thousands of miles away, but when you live on the border and you get family there and you get community there and understanding what the dynamics is, when you talk about \$47 million that we are giving to a partner, Mexico, where on a daily basis we exchange \$1 billion going south and north of just trade and doesn't include retail and tourism, it is a window of opportunity, like Michael said, that we have to take advantage of.

The bottom line is, Mr. Chairman, all I ask you as the chairman is that we look at how we shape this to make sure it is a package that works for our best interests because I think it is to our own interest to help the Mexicans. If we have a strong, prosperous Mexico it is in our interest to have that type of assistance.

Mr. Chairman, with all due respect I know this is a difficult issue. I know we are in a tight situation, but again for the economy, for just the standard of living that we have on the border, it affects not only the border, but other communities. It is to our best interest to help Mexico win this war.

Let me tell you. When we spoke to the President, and I guess you have to spend time. He is serious. He is serious about winning this war. He is serious. He said the money is important, but what they are looking at is will the United States stand with them during this critical time that they are facing in fighting the drug cartels.

So the money, we can adjust it, maybe make it smaller or whatever we are going to do, but whatever we do it is not only the money part or the transfer of technology. I was going to say money. The transfer of technology, equipment and training. It is whether the United States is going to stand there with our partner that has 2,000 miles of border with us.

Mr. ENGEL. Well, I think that is well said, Mr. Cuellar. I agree with everything you said. I want to reiterate that I keep mentioning the lack of informing Congress as the plan was being formulated because I don't want that to happen again.

While our Mexican colleagues also profess not to know, the truth is I first started to learn the details of it from one of our Mexican colleagues who came into my office and said let me tell you what is going to be proposed and ran down a litany of things, which I was not aware of and which I think is no way to conduct things like that.

You can see by the amount of participation we have had here today that this is certainly an initiative and a subject that many people on both sides of the aisle are very concerned with and concerned about.

I thank you for your comments, and I would like to conclude by asking a few questions. I let others ask first. I would like to just kind of wrap up a few questions.

Let me start, Mr. Hoover, with you. I have your very nice booklet here, and I thank you for it. It is very nice. I know it corresponds to the charts. In Project Gunrunner you showed for Fiscal Year

2005, 2006 and 2007 how firearms were recovered and the tracing of the firearms from State to State.

I am told, and correct me if I am wrong, that many, many more guns were confiscated than were traced. Is that true, or is the tracing number here in line with how many that were confiscated?

Mr. HOOVER. We tried to show a true picture of what occurred in that year, those particular years, so the charts that you see are just of the guns that were recovered and traced in that same year.

In some instances we will have what we call historical traces where they will provide us with serial numbers from weapons in the past, and they will just give those normally on a CD-ROM and then we will trace those in 2007, but it doesn't give us a true picture of the number of weapons they recovered in that particular year in Mexico.

Mr. ENGEL. How does the number of firearms traced compare with the number of firearms confiscated by law enforcement people in Mexico?

Mr. HOOVER. That is exactly what you have in front of you. These numbers that you see are the numbers of firearms recovered in Mexico and submitted for trace in that same year. That is those numbers.

Mr. ENGEL. Okay. While it is increasing and we are going obviously on the right track, it seems to me that when you consider the flow of guns that we are told by Mexican authorities are coming in from the United States it is really just a fraction that we are actually getting and confiscating. Would you agree with that statement?

Mr. HOOVER. Yes, sir, I do. I agree with that. I would say, you know, that the Mexican authorities initiated the information that went out that said thousands of firearms a week are flowing into Mexico, but we don't have anything to substantiate that.

I would agree that we are not tracing near the number of firearms that they are recovering in Mexico.

Mr. ENGEL. Thank you.

Ambassador Lino, let me ask you this question, and then when you finish if anyone else cares to comment I would be grateful.

Some have argued that the Department of Homeland Security and especially Customs and Border Patrol focuses its attention only on human and contraband flows which are going north. Some have made that charge.

Let me ask you. Does CBP intend to put more resources into tracking firearms and other contraband materials going south that is in line with the question I asked Mr. Hoover, or do you think that we should be focusing our efforts simply on items going north? Should Mexico's police and border patrol be doing more to stop firearms into their country?

Let me ask you that first, and then I will throw out a few more questions for you.

Ambassador LINO. Okay. To put it very simply, we do check. Customs and Border Protection does check cars going south on a regular basis and when there is information that leads us to believe that there would be something to find on an intensive basis, so there is checking in both directions.

With respect to Mexican police forces checking traffic on the way north, obviously one of the things we would be working with—we have been working with them and would be working with them more—is to ensure that they achieve comparable standards to our standards of border control.

Mr. ENGEL. Thank you. Could you tell us what the status is of our talks with Mexico to better coordinate which nation has the responsibility for which border security activity so there is not duplication?

Have the Mexicans asked us to check vehicles and persons moving south at some or all border crossings? If so, how have we responded?

Ambassador LINO. I don't know the answer to that question, but I can certainly find out for you.

[The information referred to follows:]

WRITTEN RESPONSE RECEIVED FROM THE HONORABLE MARISA R. LINO TO QUESTION ASKED DURING THE HEARING BY THE HONORABLE ELIOT L. ENGEL

CBP has continued its work with the Government of Mexico (GOM) to address shared interests in the area of border security, engaging with all GOM components with responsibility for aspects of border management. The cooperative approach taken with Mexico in developing the Merida Initiative is premised on a shared desire to stem cross-border crimes of many types, without exclusive focus on traffic in one direction or another. Based on this broad approach to the problem, CBP has engaged with other USG agencies and undertaken efforts to enhance information collection and analysis to direct enforcement efforts.

For example, CBP is proactively establishing positions at EPIC for interaction with federal agencies to increase intelligence driven ingress/egress operations targeting all illegal activity at the border. Relevant to concerns regarding firearms trafficking, it should be noted that ATF has established the Southwest Border Gun Center in EPIC, which serves as a central repository for firearms-related information and intelligence. All CBP firearms seizure information is being compiled at HQ and forwarded to CBP representatives at EPIC daily for use in reporting, for supporting investigations and for leveraging enforcement operations to target persons/organizations that are engaged in the smuggling of firearms across the U.S.-Mexico border.

It should be noted that CBP does conduct outbound pulse operations on traffic destined to Mexico. These operations are focused on smuggling activities that may include weapons, currency, and stolen vehicles. CBP has identified that pulse operations yield the greatest benefit to operations and provide the greatest opportunity to interdict smuggling actions before criminal organizations conducting surveillance suspend activities. CBP is also able to act upon specific information provided by the Government of Mexico or by other U.S. government law enforcement agencies.

In August 2007 CBP, Immigration and Customs Enforcement (ICE), and Mexico Customs developed and implemented the Bilateral Strategic Plan (BSP). The BSP establishes four working groups to coordinate border activities between the two nations. The Enforcement Working Group concerns cooperative actions to counter smuggling activities including weapons. Mexico has requested assistance with southbound operations in this and other settings, and—whenever possible—CBP and ICE work to cooperate on joint operations in this regard.

Mr. ENGEL. Okay. Thank you. Let me also ask you this. Are resources being allocated under the Merida Initiative to assist Mexico's police and border patrol and/or the U.S. Border Patrol to better track the firearms entering Mexico?

You could get the answer to me. That is fine.

Ambassador LINO. Absolutely.

[The information referred to follows:]

WRITTEN RESPONSE RECEIVED FROM THE HONORABLE MARISA R. LINO TO QUESTION
ASKED DURING THE HEARING BY THE HONORABLE ELIOT L. ENGEL

The proposed funding under the Merida Initiative is under foreign assistance accounts, specifically the International Narcotics and Law Enforcement (INCLE) appropriation. Therefore, there were no resources requested under the Merida Initiative specifically designated to U.S. agencies. Nonetheless, we understand that Treasury and Alcohol, Tobacco and Firearms (ATF) have identified complementary funds to expand and enhance the eTrace firearms trafficking software, including making it accessible in Spanish language versions. This will greatly enhance the ability of the Government of Mexico (GOM) to better track firearms entering Mexico working with already established programs in Mexico. We refer you to ATF for further information on the eTrace system.

Mr. ENGEL. The final question is, and you can also get me that answer if you don't have it right now, Will the Merida Initiative include funding for the training of Mexican border and customs officials on firearms detection and an estimate of how much funding would be needed to appropriately equip Mexican border security operations? Again, you can get me that. That would be fine. Since I know you from your other life, I trust you.

[The information referred to follows:]

WRITTEN RESPONSE RECEIVED FROM THE HONORABLE MARISA R. LINO TO QUESTION
ASKED DURING THE HEARING BY THE HONORABLE ELIOT L. ENGEL

The Merida Initiative involves the training of officials as it relates to equipment being procured as part of the assistance package, as well as on a number of law enforcement activities. For instance, the Merida Initiative funding has been requested for non-intrusive inspection equipment and the funding request anticipates a level of training to operate and maintain the equipment. However, funding has not been specifically designated to train customs and border officials beyond that necessary to ensure appropriate use of new equipment being procured. Without a deep analysis of Mexican border security operations and requirements and access to intelligence, any estimate to gauge the amount of resources necessary to adequately equip Mexican personnel would be difficult to provide with any degree of accuracy.

Ambassador LINO. Thank you.

Mr. ENGEL. Mr. Shannon, Mr. Secretary, let me ask you this.

As you stated, the Merida Initiative includes funding to support member states in which you have full compliance with the Inter-American Convention Against the Illicit Manufacturing and Trafficking in Firearms, Ammunitions, Explosives and Other Related Materials, which is CIFTA, as you know.

I applaud this, and I think we have discussed this before, but I am unclear if the U.S. is currently in compliance with CIFTA. We have signed but not ratified it.

Mr. SHANNON. Right.

Mr. ENGEL. Will the President press the Senate to ratify this treaty, and what is the President's timeline for the ratification of CIFTA?

Mr. SHANNON. We believe we are in compliance with CIFTA, both at Department of State, Department of Commerce and Department of Homeland Security, in terms of import and export of weapons.

We do believe that CIFTA is a useful convention that creates a multilateral framework to address the illicit trade in firearms and ammunition and in explosives.

This was a convention that was negotiated and agreed to through the InterAmerican Systems for the Organization of American

States in 1997, and I believe it was presented to the Senate in 1998. The Senate has yet to act on it, and we would be happy to have the conversation if the Senate wants to have this conversation with us about how important CIFTA is.

Mr. ENGEL. All right. Thank you.

Mr. Placido, let me ask you this. According to a November press release from the DEA, the price of cocaine reaching the U.S. has increased while the purity has dropped. I have heard different reasons for this. One reason cited is Plan Colombia and our counter-narcotics efforts in the Andean region. Another is the drop in the value of the dollar and the shifting of supply to Europe.

Finally, some argue that this is just a temporary spike and point out that previous price spikes were followed by eventual price declines, and they cite as an example a 55 percent increase in cocaine's U.S. retail price per pure gram over three quarters in 1990, which was fully reversed within 18 months with prices lower than before the price spike began.

At roughly the same time, a 57 percent increase in cocaine's U.S. wholesale price per pure gram over five quarters in the year of 1989–1990 was also fully reversed within 18 months.

In addition, the Justice Department's National Drug Intelligence Center noted in late 2007 that "Mexican drug trafficking organizations would most likely undertake concerted efforts to reestablish their supply chain, and because cocaine production in South America appears to be stable or increasing cocaine availability could return to normal levels during late 2007 and early 2008." That is a quote from the NDIC.

Let me ask you. Why do you believe that the price of cocaine is up and the purity down? Is it markets or ACI programs or both? Do you think this is likely to be a temporary trend or something that will continue in the long term?

Mr. PLACIDO. Thank you for the question, sir. The one thing I can tell you is that the data itself we have absolute confidence in.

The data is collected from a system known as STRIDE, the System to Retrieve Information from Drug Evidence, and it represents in the case of cocaine more than 60,000 exhibits that were purchased all over the United States. We do forensic analysis at the DEA laboratories to determine the purity, and we only look at those where there is actually a purchase. We normalize it so we can look at price per pure gram.

So in terms of the actual data itself and the shifts, we have very high confidence that that information is right. I took the liberty of pulling the data for the numbers that you quoted for 2007. It ran from roughly January through September. That trend has increased or has continued. The trajectory remains the same through the end of December, so we see price up and purity down for both cocaine and methamphetamine.

While there is certainly room for interpretation as to the causes for this shift—and we have put together an interagency working group that includes members of the intelligence community and much of the interagency law enforcement community—our assessment is that at least in part this reflects activity in the Government of Mexico.

I would note that while certainly things like increased demand in Europe, violence among and between trafficking groups in Mexico and other factors may have contributed to this, it is certainly interesting—I am not a big believer in coincidences—that this now year long trend that we have seen begins almost immediately following the inauguration of Felipe Calderón as President of Mexico.

The information that we have received, anecdotal information that comes from wire taps and informant debriefings, clearly indicates that at least part of this has been the crackdown in Mexico and the difficulty of moving these drugs into the United States.

In fact, the reason that we looked at methamphetamine, we said, if this is indeed Mexico that is the big factor responsible for this shift, then it should affect other drugs and not just cocaine. As was quoted here earlier, the interagency assesses that approximately 91 percent of the cocaine entering the United States transits Mexico, and that is why we had looked—one of the reasons we looked—at Mexico as a cause for this increase.

In fact, what we have seen is that along the exact same time-frame from January now through the end of December 2007, we have seen a huge spike in the price of methamphetamine and a decrease in purity. In fact, these numbers eclipse the cocaine numbers, and that again tends to suggest that at least part of the solution here or part of the answer to this question is that something different is happening in Mexico.

Whether we can sustain these numbers, whether these numbers will hold over time, really depends. As someone charged with managing the intelligence program for DEA, I can tell you that it is very difficult to prove a negative. It is a good news story. We believe that investing now in Plan Merida—I am sorry; the Merida Initiative—is a good—

Mr. ENGEL. Careful now.

Mr. PLACIDO. Is a good investment and that it will help to sustain these gains over time. Thank you.

Mr. ENGEL. Thank you. Thank you for your answer. Thank you for reminding me that methamphetamine was the word I stumbled on before.

Let me ask a final question before I turn to Mr. Payne and ask him if he has any questions. Mr. Shannon, let me go back to you and then if anyone else cares to answer.

Before this hearing my staff tells me that we had difficulties finding out which agency was responsible for what under the Merida Initiative. State would point to domestic agencies and vice versa.

My question is, Is there one U.S. Government coordinator for all of Merida related activities? And if there is, how does this work? If not, why not since there seems to be so much confusion?

Mr. SHANNON. At this point, of course, the interagency has worked together to build a proposal, the Merida Initiative, which we are presenting to the Congress.

This is an interagency process that brings all of the relevant actors together, everybody at this table, under State Department chairmanship, both my Bureau and the Bureau of International Narcotics and Law Enforcement.

If the Congress deems that this initiative is worth funding we will take this interagency structure and build it into an implementation structure. What we have to determine is whether or not the existing structure is adequate.

At this point, because most of the funding will be worked out of International Narcotics and Law Enforcement budget, but will use implementers from different agencies on the ground, we believe we are well positioned to begin the implementation process, but we would be happy to consult with you and your staff and your committee at greater length on this.

Mr. ENGEL. Thank you very much.

Let me now turn to Mr. Payne and ask him if he has any questions.

Mr. PAYNE. Thank you very much. Let me commend you for calling this very important hearing. Unfortunately, I did not hear the testimony so I really won't take very much time. I just have several just general questions.

I wonder just in general what is the confidence level between the United States law enforcement authorities and the Mexican authorities? We have heard in the past that there seem to have been lack of cooperation in many instances on the side of south of the border where Mexican law enforcement personnel have not aggressively attempted to halt illegal immigration.

I just wonder in general what is the relationship and cooperation, in your opinion, between our law enforcement operations at the top level but then also on the ground because many things that are talked about in headquarters where the rubber meets the road there is sometimes no semblance of what is stated at headquarters and what happens out in the field.

Ambassador LINO. I would be happy to answer that, Congressman. I think that from the collective wisdom of my colleagues here I think it would be safe to say that the level of cooperation with Mexico is better than it has ever been before.

Someone mentioned earlier the number of extraditions, which has reached 80 something, whereas previously one or two extraditions were a big deal. We have what I mentioned before. They are called BEST, Border Enforcement Security Task Force, where we work together with Mexican authorities.

We have border violence protocols to deal with issues that happen along the border, making sure that whatever incidents on the border, whether violent or just simply incursions, are taken care of and dealt with swiftly.

There has been a lot of discussion about the seriousness of the Mexican Government in approaching all of the security issues that they face, this new Mexican administration under President Calderón, the number of Mexican Officials who have lost their lives in battling drug traffickers, arms traffickers, people traffickers, et cetera, so I would say that one of the reasons that we have put forth this proposal is precisely because we feel it is the best possible time to do so with a Mexican Government that is really leaning forward to an extreme to seek our help and to cooperate with us.

Mr. PAYNE. We know that generally the U.S. has the best trained law enforcement with the equipment and technology and just basic training and so forth and military the same.

What is the competence level in general of the Mexican counterparts? Are they as well trained as the U.S.? Are they as equipped to do the job as on our side?

Mr. PLACIDO. Can I take that question? Frankly, the reason that this Merida Initiative has been put forward is that not only our Mexican colleagues, but our colleagues throughout Central America, face twin challenges, one what I will call integrity assurance and the other capability building.

I believe that it is true in all cases that they are fighting desperately on both fronts to enhance the integrity of the recent security services and build robust capabilities among these entities. The backbone of the forces that we work with in Mexico and throughout much of Central America, as you know, are vetted units or congressionally funded sensitive investigative units.

What we do with these units is they are subjected to the same kind of rigorous background investigation that we would do for all employees. It would include things like drug use testing, full background investigation looking at financials and polygraph examinations.

Once these folks have passed through this phase, and this is often administered by the government itself with our oversight, but once they pass through this phase then they come to the United States for intensive training to build their capabilities, and we supply them with equipment.

It is this nucleus of folks—in the case of DEA we work with approximately 227 vetted officers in Mexico that are dispersed over 13 cities in Mexico. That is the nucleus that we work with.

I think the thrust of the Merida Initiative is to expand their confidence, and I have actually heard Mexico's Secretary of Public Security and the Attorney General talk about vetting the entire Federal police force and the entire PGR so that it is not a small cadre of folks that are trustworthy and capable, but the broader police force.

I think that is really what Merida is about is building the competence and the confidence so that we can share information across jurisdictional lines and build the kind of investigations that are necessary to target transnational criminals.

Mr. PAYNE. I was at a conference in Costa Rica when there was some semblance of the fact that there was a plan coming out. It wasn't made public at that time, but there was some Latin American countries represented and also Mexico.

There was a concern that as in Plan Colombia there was a tremendous amount of hardware primarily to try to deal with that problem. Of course this is similar, but different.

There was some question about the fact that just continued more hardware and guns and weapons and police may not necessarily be the way to go; that if there could be some more investment in community development, some kind of a more social side of the activities for Mexico, that the money would be better spent.

I just don't know. You are law enforcement, so I am sure you figure what you are doing is right, but if anybody would want to comment on that?

Mr. PLACIDO. The one thing that I would add is that a large segment of the Merida Initiative, at least the request that is before you today, is to develop rule of law within Mexico, and that includes things like reinforcing the prosecutor's office and the judiciary and reforming prisons so that it is not only about identifying and arresting criminals, but making sure that the entire process works.

So I don't know if your question refers to things beyond the criminal justice system, but certainly this is not a request that is focused exclusively on law enforcement. It includes demand reduction and a whole segment for enhancement of the rule of law.

Mr. PAYNE. I guess just finally, I see some question regarding the guns going from north to south, which I would imagine that in the majority very few places make guns like we do in the United States.

I just kind of wonder whether there is some initiatives to try to make gun purchasing more difficult. Of course, we have the strongest anti-gun laws, but the further south we go we find that many people in that region feel that the more guns the merrier, and the proliferation of weapons, as you law enforcement people know, there is a gun for every man, woman and child in the United States, over 300 million guns in the U.S.

I wonder. How do we stop the easy purchase of guns? I guess it is a lot of markup so it is a big, lucrative industry. Any of you have any ideas on that?

Mr. HOOVER. Sir, we are using a two or three pronged approach with that. We are actually training our Federal firearms licensees that sell the guns along the border. We are doing outreach seminars.

As I spoke earlier, we did 34 of those seminars last year alone that reached 3,700 of our industry members. We are providing training to them how to spot a straw purchaser and how to spot the indicators of firearms trafficking to help them better understand that.

We are also using a criminal enforcement effort that if we find a corrupt dealer that we are going after them quite heavily and quite strong and to try to get the largest sanction that we can against that corrupt FFL to send a message to the other FFLs.

We feel like with both the criminal enforcement approach and an outreach approach to those Federal firearms licensees that we can get the best bang for our buck in that way.

Mr. PAYNE. Thank you very much.

Thank you, Mr. Chairman.

Mr. ENGEL. All right. Thank you, Mr. Payne.

I think this concludes our hearing. They are anxious for us to leave the room anyway since our Foreign Affairs Committee is being renovated during a session, which I have never understood, but it is being renovated. We thank the Armed Services Committee for allowing us to use this room.

I want to thank you all, lady and gentlemen, for excellent testimony. I think that of all the hearings we have held in this sub-

committee this was the best attendance from a members' point of view that I have seen in a long time, which shows that many people have interest in this and that your good work and hard work in all these things that we have discussed today is very much appreciated.

I look forward to continuing to discuss the Merida Initiative and other related topics with all of you.

Thank you all very much. The hearing is now adjourned.

[Whereupon, at 2:13 p.m., the subcommittee was adjourned.]

A P P E N D I X

MATERIAL SUBMITTED FOR THE HEARING RECORD

TOM LANTIER, CALIFORNIA
Chairman

HOWARD L. BERMAN, CALIFORNIA
GARY L. ACKERMAN, NEW YORK
DAN R. FALCONE, CALIFORNIA
DONALD M. RAYNE, NEW JERSEY
RICHARD L. BLUM, CALIFORNIA
ROBERT MEXLER, FLORIDA
ELIJAH L. INGEL, NEW YORK
BILL DELAHUNT, MASSACHUSETTS
DREGORY W. WEEKS, NEW YORK
DAN E. WATSON, CALIFORNIA
ADAM SMITH, WASHINGTON
BOB CARPENTER, MISSOURI
JOHN S. TANNER, TEXAS
GREGG GREEN, TEXAS
LYNN C. WOOLSEY, CALIFORNIA
SHELIA JACKSON WILEY, TEXAS
RUBEN HINOJOSA, TEXAS
JOSEPH F. ROWLEY, NEW YORK
DAVID W. OROSCOFF
BRAD MILLER, NORTH CAROLINA
LINCOLN T. JANCHEZ, CALIFORNIA
DAVID SCOTT, GEORGIA
JIM COSTA, CALIFORNIA
ALDO SIBRE, NEW JERSEY
GABRIELLE GIFFORDS, ARIZONA
RON KUBIN, FLORIDA

ROBERT W. RYAN, WASHINGTON
JIMMYE L. TEO, NEW YORK
DEAN STAFFORD, CALIFORNIA
DAVID S. HEDMAN, CALIFORNIA
Chief Counsel

ONE HUNDRED TENTH CONGRESS
CONGRESS OF THE UNITED STATES
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515

TELEPHONE: (202) 225-5021
[HTTP://WWW.FOREIGNAFFAIRS.HOUSE.GOV/](http://www.foreignaffairs.house.gov/)

January 3, 2008

LEONARD L. LEVINSON, FLORIDA
Ranking Member

CHRISTOPHER H. SMITH, NEW JERSEY
DAN R. FALCONE, CALIFORNIA
ELTON GALLAGHER, CALIFORNIA
LEAH RICHARDSON, CALIFORNIA
DONALD A. MANZULLO, ILLINOIS
EDWARD R. TOWNE, CALIFORNIA
STEVE GRANT, CALIFORNIA
WILLIAM L. MARSHALL
THOMAS G. TANCREDI, CALIFORNIA
RON PAUL, TEXAS
JEFF FLAKE, ARIZONA
MIKE RENCE, IOWA
JOE WALSH, SOUTH CAROLINA
JOHN BOGEMAN, ARIZONA
J. CHRISTIAN BARRETT, SOUTH CAROLINA
CHRISTINE MACK, FLORIDA
JEFF FORTENBERRY, NEBRASKA
MICHAEL T. MCCALL, TEXAS
TED POE, TEXAS
BOB RYAN, SOUTH CAROLINA
LUIZ L. FORTUNO, FLORIDA
GUY BLUMBERG, FLORIDA

VICTOR C. BARNETT
PERMANENT STAFF DIRECTOR
MARK C. GATE
REPUBLICAN CHIEF OF STAFF
DOUGLAS C. ANDERSON
REPUBLICAN CHIEF COUNSEL

The Honorable David Johnson
Assistant Secretary of State for International Narcotics and Law Enforcement Affairs
Department of State
Washington, D.C. 20520

The Honorable Thomas Shannon
Assistant Secretary of State for Western Hemisphere Affairs
Department of State
Washington, D.C. 20520

Dear Sirs:

After our recent hearing on the Merida Initiative and a closer review and examination of the plans for increased narcotics and crime fighting assistance to both Mexico and Central America, I wanted to share some ideas and suggestions with you that should help make this very important and ambitious program even more successful.

Many of us believe these ideas will also help ensure long term support here in the U.S. Congress for this critical and timely initiative to address the threat to Mexico's and our national security posed by illicit drugs and organized crime.

Recommendations Mexico Portion of Merida Plan:

No helicopters should be provided to Mexico without at least 2 full years of spare parts and maintenance provided by us in the first year of the aid package since the Mexican military budget system may not have the necessary flexibility to build in these *vital operational out year expenditures for so large a one time military procurement build up*. If we do *not* provide this out year assistance for maintaining the aircraft in this plan, they may never be adequately used, and we should seek to avoid that scenario.

January 3, 2008
Page Two

In addition, the Administration needs to expeditiously move forward with an Article 98 waiver to help ensure we *can deliver this equipment and actual articles of military assistance to the Mexican army* (helicopters, planes etc) through the FMS system. The use of the State INL monies as requested for these aircraft then through FMS will avoid the potential of too many U.S. State Department civilian contractors in country. The equipment should pass via FMS directly through our military to the Mexican military solely for the best and most transparent management practices, which using FMS insures.

In providing this military assistance, we must also ensure that the equipment is adequately used after delivery to *support and assist civilian police and prosecutors* since fighting illicit drugs is a *traditional law enforcement mission, not a military one*. We should agree on an annual report to Congress on the actual delivered level of *tactical military support* given by the Mexican military to Mexican civilian anti-drug units in the SSP (Public Security Secretary) using the U.S. provided aircraft, as well as assistance provided to civilian prosecutors. This is a critical point.

We should also beef up the aid levels to civilian Mexican police units our U.S. law enforcement agencies work with, especially those that target High Value Targets (HVTs) and go after major drug shipments, and provide even greater assistance and support equipment to these units (including for their own safety and security), which have proven very successful to date in an already violent and dangerous environment.

We can do ever more with these proven civilian police units with more resources. This will also help make this aid package even more civilian friendly versus the current overly heavy, but critically needed military assistance levels to support provided military aircraft.

A public diplomacy effort and program should also be developed and is much needed to help explain the Merida plan. There is already far too much confusion, unfounded suspicions, and serious misunderstandings on this aid plan. For example, we should consider developing a Merida related web site and pamphlet on the most frequently asked questions and answers on this plan to dispel conspiracy theories and many misunderstandings and misconceptions here and in Mexico. This is critical to build major and long term political support both here and in Mexico for the initiative.

Since the very professional and experienced Mexican military is prepared and fully capable of handling the helicopters and aircraft the aid plan provides for, we will not need all of the \$37 million requested for additional personnel, including numerous civilian contractors. These monies ought to be used for other much needed and more important purposes.

For example, we ought to use some of those monies to provide for more support for the civilian police anti-drug units we now work with (\$5 million), and the public diplomacy campaign (\$1 million) as noted above; and in addition buy the Mexican army a helicopter flight simulator (\$2 million) to train all the new pilots so they need not use excessive actual blade hours on aircraft we are providing for this essential training. A flight simulator as part of the first year aid package (not later) as reportedly planned, can and will help make the transition more orderly and faster by providing less expensive flight training for the new Mexican military Bell 412 helicopter pilots in a more effective and timely manner. If you simply redirect the aid already requested in some small ways as noted above, no additional funding should be necessary.

January 3, 2008
Page Three

Recommendations Central American Portion of Merida Plan:

The Mexican government and we fully understand and appreciate the fact that the illicit drug and organized crime problem is just *not* our problem alone, but is a regional one. It requires our partners in Central America (transit zone) and South America (source drug zone) to bear some of the burden and responsibility as well. They, and we, all realize we cannot do this alone. We need a forum and regional mechanism so that these partners can also help to carry out this shared task of fighting drugs and organized crime.

The ideal forum and already existing multi-lateral institution to help develop this *shared regional responsibility* which can produce increased expertise and experience for the police of all the nations in the deadly illicit drug chain is the existing International Law Enforcement Academy (ILEA) in El Salvador. We are pleased to see some aid to ILEA as part of the plan, and it needs much more emphasis on drug fighting however.

ILEA provides modern, state of the art police training for both Central and South American officers and provides a regional forum to develop regional planning, thinking and individual and vital regional "cop to cop" relations. These relations will permit our regional police institutional partners to communicate as rapidly as the bad guys in taking on the illicit drug and organized crime elements in this our common fight.

The current ILEA in El Salvador along with the host government should be co-managed on our side by our Drug Enforcement Administration (DEA) as our lead co-sponsoring agency, *not* the Federal Law Enforcement Training Center (FLETC) as is the case now, given that we are dealing with a narcotics and organized crime driven crisis and DEA's broad and expansive regional equities ought to take priority at this school.

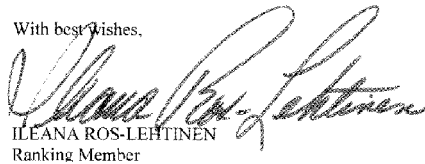
DEA is best suited to use ILEA to promote greater regional drug fighting cooperation and expertise versus FLETC, which has no operational and follow up roles post the ILEA training they are helping provide today. Police schools overseas should be run by operational police agencies like the DEA, and are *not* solely for training purposes only.

Finally, we must also enhance the already proven Culture of Lawfulness training programs and expand them further both in Mexico and also at the ILEA in order to help take on the corruption issue, which could have a significant impact on the effectiveness of the Merida Plan and is the number one challenge we all face on this very bold and unique initiative.

I appreciate your consideration of these suggestions and would hope that your staffs could have a chance to sit down with my professional staff member on this matter Mr. John Mackey (225-6360) so we can share in greater detail some of our thinking and experience in other parts of the world with major CN and organized crime programs.

We ought not to lose this unique opportunity to help promote greater security along the border and interrupt the deadly flow of drugs into our nation.

With best wishes,



ILEANA ROS-LEHTINEN
Ranking Member

PREPARED STATEMENT OF THE HONORABLE GENE GREEN, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF TEXAS

Mr. Chairman, I thank you for holding this hearing, and I want to welcome our witnesses.

On October 22, 2007, the United States and Mexico issued a joint statement announcing a multi-year plan for 1.4 billion dollars in U.S. assistance to Mexico and Central America to combat drug trafficking and other criminal organizations.

A couple of weeks before this announcement, I was fortunate enough to travel to Mexico City to meet with the Mexican Congreso in order to discuss what this aid package can do to stop illicit drugs from entering both of our countries and our respective counter-narcotics efforts.

While the Mexican Congreso welcomed our support, they are concerned that this initiative could turn into another Plan Colombia.

This is why the Mexican government would rather have the money for technology and equipment than U.S. personnel entering their country to address drug smuggling.

I think that we need to address their concerns today, especially since we are discussing the United States obligations under this Initiative.

According to the plan, 59% of the grant money will be earmarked for civilian agencies responsible for law enforcement.

This is much needed, but the number and complexity of Mexico's security agencies will need more than cash to reform.

Many of their federal agencies have earned a reputation for ineffectiveness and corruption, and I am interested to know how the United States plans to realistically address this issue.

However, since the announcement of the Initiative, the U.S. government has stepped up its efforts in working with Mexican and Central American law enforcement agencies in several ways to sharpen their focus on cross-border collaboration.

So far, these efforts have been successful, and I am hopeful that this is the first of many successes that this endeavor will have.

I represent a district in Texas, and I have seen how these security threats can impact the daily lives of many Texans as well as how it often diverts state resources from other areas like education, housing, and other police operations.

I believe that this Initiative is necessary and that it can be successful, and I applaud what President Calderon has been doing since he took office to address this issue.

However, I think that we need to continue an open dialogue with all of the Initiative countries and keep each other accountable.

This is a critical first step to breaking up the cartels and preventing the flow of drugs through Mexico and into the United States.

I look forward to the testimony from our witnesses today, and I again thank the Chairman for holding this hearing.

PREPARED STATEMENT OF THE HONORABLE HENRY CUELLAR, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF TEXAS

Thank you Chairman Engel and ranking member Burton for allowing me to participate today in the House Foreign Affairs Committee, Subcommittee on Western Hemisphere Affairs hearing on U.S. Obligations under the Merida Initiative.

I recently led a Congressional Delegation to Mexico under the auspices of my duties on the Committee for Homeland Security to specifically look at the impact the drug trafficking organizations are having on the security of the US border and determine the impact these crimes are having on our law enforcement personnel, border security and our interior enforcement. Living in Laredo, I see the negative consequences associated with Mexico's deteriorating security and understand the impact these criminal syndicates have on our interior security. I applaud Chairman Engel for convening this hearing and inviting representatives from the law enforcement agencies who are best suited to attack the specific crimes associated with the Mexican crime syndicates. I am pleased to see the agencies represented here today that are addressing head on the money laundering, drug, alien and weapons smuggling. For the record, I want to recognize the efforts of DHS, FBI, DEA and ATF law enforcement personnel represented here today for their heroism, professionalism and dedication to keeping our nation safe and secure.

I went to Mexico on a fact finding mission to get a sense of what we were being asked by the Mexican President and what he expected. I also wanted to see how this initiative to support Mexican law enforcement activities relates to our efforts to secure our borders and our interior enforcement duties. What I learned is the di-

rect link to the Mexican's enforcement activities and the level of violence associated with the border. The lawlessness in Mexico is the cause and effect linking the demand for illegal drugs to the United States. Although there has been some level of reduction in the US the demand remains high making the movement of drugs from Mexico north to the US profitable. In turn the need to arm the Mexican criminal syndicates supports the flow of weapons south into Mexico. Bulk money shipments into the United States from Mexico links the criminal activities and is another example why law enforcement cooperation is needed between the two nations.

What I learned on my trip to Mexico is President Calderon is in a fight against Mexican criminal organizations that he can not afford to lose and he needs our help. Doing nothing is not an option for Mexico and for the United States. His fight is our fight. President Calderon owes it to his people as we owe to our citizens. The Mexican government needs our support and they are committed to securing their country as was witnessed during our visit when the President Calderon deployed the Mexican military to the northern Mexican/US border to address increasing levels of violence.

I hope my Congressional colleagues will look at the security cooperation package as a comprehensive package to include initiatives on both sides of the US/Mexican border and the hearings today support this approach. The Mexican government has asked for our help to stop the flow of US purchased weapons from getting into Mexico. ATF's recently announced initiative "Operation Gunrunner" is a concrete example of our government's commitment to stem the flow of guns into Mexico. I was pleased to see that in the Justice Department's 2009 budget submission a \$100 million dollar request for a Southwest Border Enforcement Initiative to focus Department of Justice law enforcement and prosecutorial efforts to combat violent crime, gun smuggling, and illicit drug trafficking.

The Merida Initiative is important to the security of Mexico and the United States but equally important is the need to develop the Mexican government's capacity to improve the economic conditions of their most disadvantage citizens. I hope the Administration will work to develop an economic development package as part of the Merida Initiative.

Again, I thank the Chairman and the Ranking Member for allowing me to participate in these hearings. Having grown up on the Border I understand the unique relationship the border cities have with each other and it saddens me to see how increasing violence has changed the way of life on both sides of the border.

WRITTEN RESPONSES FROM THE HONORABLE MARISA R. LINO, ASSISTANT SECRETARY, OFFICE OF POLICY/INTERNATIONAL AFFAIRS, U.S. DEPARTMENT OF HOMELAND SECURITY, FORMER U.S. AMBASSADOR, TO QUESTIONS SUBMITTED FOR THE RECORD BY THE HONORABLE ELIOT L. ENGEL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK, AND CHAIRMAN, SUBCOMMITTEE ON THE WESTERN HEMISPHERE

Question:

When the United States deports people for violation of a law, it is my understanding that the United States government informs the foreign government of the crime or violation which directly triggers the deportation. I have heard that the United States has deported people for a minor crime but a number of these individuals may have committed major crimes in their past—crimes about which the foreign government is unaware. In other words, we may not be informing a foreign government of the full record of convictions of a deportee. I think this is a serious error on our part and not fair to the foreign recipient government which needs to prepare to handle the individual. This information was elicited at July 24, 2007 Western Hemisphere Subcommittee hearing. (see pages 24–6 <http://www.hcfa.house.gov/110/36988.pdf>)

In the future, will we turn over the full conviction record of all criminal deportees to a foreign government? If not, why not? Some have argued that we should turn over the full "rap sheet" of a deportee to the foreign recipient government. Will we do that? If not, why not? Has DHS raised this issue with FBI if they control the records? What response have you gotten?

Response:

DHS is responsible for arranging for deportation of illegal migrants to their home countries. DHS/ICE generally provides information only on the charge for which the migrant is being deported. There are several reasons why they cannot provide additional information.

- A "national criminal dossier database" doesn't actually exist. The closest approximation is the National Crime Information Center (NCIC), which is

owned and managed by the FBI. While DHS/ICE has access to that information in criminal cases, the disclosure of NCIC information to outside parties is governed by the Privacy Act of 1974 and Third Agency Rule. These prohibit one law enforcement entity from providing information originating in another agency without first receiving consent from the originating agency.

- Since NCIC records are owned by the Department of Justice and maintained by the FBI, ICE cannot provide full conviction records for an individual. The other source of information accessible to DHS is the Treasury Enforcement Communication System (TECS). Unfortunately that system is incomplete, as it only contains Treasury charges.
- DHS, the Department of State, and the Department of Justice are looking into negotiating an agreement that would permit the disclosure of NCIC-controlled information to foreign governments. Resolving the rap sheet issue will further USG/Central America cooperation on a broad range of law enforcement issues.

DHS recognizes the value to the acquiring country of having as complete a criminal history as possible on these deportees. How that is accomplished must be coordinated with the Department of State, which executes information sharing agreements between the United States and foreign governments, and the FBI, which is the source of criminal history record information relied upon by DHS for in deportation proceedings. For this reason, as part of the Department of State's Merida Initiative, the DHS Immigration and Customs Enforcement is working with the FBI to develop a program specifically designed to facilitate the exchange of criminal history record information regarding criminal deportees with foreign governments and law enforcement agencies.

Question:

Some have argued that the Department of Homeland Security—and specifically Customs and Border Patrol (CBP)—focuses its attention only on human and contraband flows going north.

Does CBP intend to put more resources into tracking firearms and other contraband materials going south into Mexico? Or, do you think that we should be focusing our efforts simply on items going north? Should Mexico's police and border patrol be doing more to stop firearms entering their country?

Response:

CBP does not have the resources to staff outbound inspections on a permanent basis. Therefore, CBP, U.S. Immigration and Customs Enforcement (ICE), the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), and the U.S. Drug Enforcement Administration (DEA) have developed a joint strategy aimed at identifying and disrupting the illicit cross border trafficking of firearms and ammunition. This same concept can be employed on all illicit contraband being smuggled out of the U.S. into Mexico. CBP's focuses on all criminal activity that crosses the border both inbound and outbound. CBP continues to seek avenues to coordinate efforts with the Government of Mexico, and believes that the Merida Initiative provides an excellent mechanism to do this. The Merida Initiative would also provide non-intrusive inspection equipment to the Government of Mexico that they intend to use to indict flows of drugs, cash, and arms both out of, and into, Mexico.

WRITTEN RESPONSES FROM MR. KENNETH W. KAISER, ASSISTANT DIRECTOR, CRIMINAL INVESTIGATIVE DIVISION, FEDERAL BUREAU OF INVESTIGATION, U.S. DEPARTMENT OF JUSTICE, TO QUESTIONS SUBMITTED FOR THE RECORD BY THE HONORABLE ELIOT L. ENGEL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK, AND CHAIRMAN, SUBCOMMITTEE ON THE WESTERN HEMISPHERE

Question:

When the United States deports people for violation of a law, it is my understanding that the United States government informs the foreign government of the crime or violation which directly triggers the deportation. I have heard that the United States has deported people for a minor crime but a number of these individuals may have committed major crimes in their past. In other words, we may not be informing a foreign government of the full record of convictions of a deportee. I think this is a serious error on our part and not fair to the foreign recipient government which needs to prepare to handle the individual. This information was elicited at a July 24, 2007 Western Hemisphere Subcommittee hearing (see pages 24–6,

www.hcfa.house.gov/110/36988.pdf). When this question came up at the hearing, the Department of Homeland Security witness said the following o[n] the record:

"DHS is not the owner of NCIC. The FBI owns and operates NCIC for official criminal justice purposes. Criminal justice information is information needed for the performance of a criminal justice agency's legally authorized, required function. Data stored in NCIC is DOJ Sensitive."

In the future, will the FBI, in cooperation with DHS, turn over the full conviction record of all criminal deportees to a foreign government receiving a deportee? If not, why not? Some have argued that we should turn over the full "rap sheet" of a deportee to the foreign recipient government. Will we do that? If not, why not? Has DHS raised this issue with FBI? What response has the FBI given?

Response:

The Federal Bureau of Investigation (FBI) understands the value to the acquiring country of having as complete a criminal history as possible on these deportees and is aware that this must be coordinated with the Department of State and the Department of Homeland Security (DHS). For this reason, the FBI plans to work closely with these agencies to develop a program specifically designed to facilitate the appropriate exchange with foreign governments and law enforcement agencies of the criminal histories of these deportees.

Question:

As the Christian Science Monitor reported in a July 2007 editorial, more than 90% of the thousands of guns confiscated yearly in Mexico originate in the United States. Many of these guns are purchased at gun shows and flea markets in Border States, and then trafficked into Mexico. In conjunction with the Merida Initiative, will the FBI and ATF be doing more to monitor gun shows on the Southwest border? Do your agencies have any specific plans to more aggressively combat the so-called "straw purchases" that take place at gun shows?

Response:

The FBI's responsibilities do not include monitoring gun shows on the Southwest border or addressing the "straw purchases" that take place at gun shows. Because this falls within the Bureau of Alcohol, Tobacco, Firearms and Explosives' activities, and the same question was posed to them, they are in a better position to respond to this inquiry.

WRITTEN RESPONSES FROM THE HONORABLE WILLIAM J. HOOVER, ASSISTANT DIRECTOR, OFFICE OF FIELD OPERATIONS, BUREAU OF ALCOHOL, TOBACCO, FIREARMS AND EXPLOSIVES, U.S. DEPARTMENT OF JUSTICE, TO QUESTIONS SUBMITTED FOR THE RECORD BY THE HONORABLE ELIOT L. ENGEL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK, AND CHAIRMAN, SUBCOMMITTEE ON THE WESTERN HEMISPHERE

Question:

How effective is eTrace in curbing the flow of firearms into Mexico? Can you point to tangible results from eTrace in the past?

Response:

eTrace is the Web-based transmission system for firearms trace requests and firearms trace results from ATF's National Tracing Center. eTrace provides for the electronic exchange of crime gun incident-related data in a secure Web-based environment. Ensuring the timely and comprehensive tracing of recovered firearms by the Government of Mexico is a critical component in curbing the flow of firearms from the United States into Mexico. The system allows for ATF to provide investigative leads on the sources, types, and possible routes used by firearm traffickers. Specifically, trace data provides information on the first retail sale, which allows ATF to identify both the Federal firearms licensee that sold the firearm and the person who originally purchased the firearm.

Firearms tracing is critical as it allows ATF and its partners to identify trafficking corridors, patterns and schemes, as well as traffickers and their accomplices. The information then enables law enforcement to target and dismantle the infrastructure supplying firearms to the Drug Trafficking Organizations in Mexico. The tracing efforts supported by the government of Mexico and the data resulting from the traces lead to the interception of trafficked arms. This strategy is more productive than primarily relying on the limited border searches conducted on outbound persons going from the U.S. into Mexico.

ATF has had numerous successes based on the use of eTrace information. Two eTrace based case examples follow:

- In January 2007, industry operation investigators provided information to special agents regarding the sale of 72 firearms between March and December 2006. Additional investigative efforts revealed that the firearms of choice were Bushmaster rifles, Beretta pistols and FN pistols and rifles. During a 15-month time frame, the organization, comprised of six main individuals, but involving 22 purchasers, made a total of 93 purchases (328 firearms) at a cost of \$352,134.04. Twenty-six of these firearms were recovered in Mexico and traced back to the U.S. using eTrace. Additionally, the firearms recovered have been tied to eleven homicides committed by "hit men" from the Mexican drug cartels.
- In December 2007, ATF's Crime Gun Analysis Branch identified a person living in a U.S. city located along the U.S./Mexico border as the purchaser of three firearms that had been traced by Mexico and involved in three separate crime scene recoveries. An investigation quickly revealed that the suspect purchaser was also responsible for a fourth firearm also recovered and traced in Mexico. The trace data also identified the Federal licensed firearm dealer (FFL) purchase locations of these firearms. An ATF review of the FFL's records revealed that the suspect had purchased 111 AR-15 type rifle/pistol receivers (operating section of firearm with serial number), two pistols, and five long guns within an 8 month period from these locations.

In February 2008, after a thorough investigation that involved numerous queries, surveillances, and interviews, ATF went to the residence of the suspect and recovered 80 firearms and took them into custody for seizure. During the search of the residence, ATF agents learned that the suspect was in the business of assembling firearms in his home from parts. He would secure rifle/pistol receivers and assemble them into complete firearms using additional gun parts he had ordered from different places. The suspect admitted to assembling firearms from parts and selling them to several persons from his home without the required permits or licenses. The suspect confessed to selling over 100 of the assembled firearms to one person. Some of the purchasers of the suspect's firearms have now been identified as having ties to drug organizations. Federal charges against the principal suspect are pending for illegally dealing and manufacturing firearms. The other suspects are still under investigation by ATF.

Question:

Can you describe your cooperation with Mexico under the eTrace program? How many weapons are traced versus the number actually confiscated?

Response:

eTrace technology is a critical component of the resources that have been deployed strategically on the southwest border to combat the illicit trafficking of firearms into Mexico. ATF has recently increased its law enforcement cooperation with Mexico to combat the growing firearms violence in Mexico. ATF has established a strong partnership with the Government of Mexico. U.S. Attorney General Mukasey and Acting ATF Director Sullivan met in January of 2008 with their Mexican counterparts to promote information sharing and cooperation in firearms trafficking investigations and to stress the value of tracing firearms. ATF's Mexico City attaché and his staff have regular contact with Mexican law enforcement to discuss ways that communication and information sharing can be strengthened. ATF has also deployed eTrace to all nine of the U.S. consulates and the Embassy in Mexico. ATF recently provided additional ATF special agents in Mexico and increased the number of agents and investigators on the U.S. side of the southwest border. ATF is also expanding its ability to gather and share intelligence on firearms trafficking by increasing the ATF staffing at the El Paso Intelligence Center (EPIC).

It is difficult for ATF to approximate the total numbers of firearms confiscated by Mexico. Mexico does not provide to ATF the total number of firearms seized by their military and law enforcement agencies. Between FY 2005-2007, Mexican authorities submitted to ATF approximately 6,000 firearms trace requests, a fraction of the estimated total number of firearms recovered by Mexican authorities. However, the number of firearms trace requests did increase substantially from 2,094 in FY 2006 to 3,312 in FY 2007. Commitment to the tracing program by the Government of Mexico can be attributed to this increase.

By using eTrace, critical trace information can be entered in all nine Mexican states along the southwest border. ATF's ultimate goal is to deploy eTrace to all 31 Mexican states. ATF is also working to use asset forfeiture monies to deploy Span-

ish versions of eTrace, which should improve the usage levels by the Government of Mexico. We have also provided training in Spanish and English to law enforcement officials in Mexico and on the border on firearms identification tracing techniques and firearms trafficking.

ATF has established through its Southwest field divisions, to include Dallas, Houston, Los Angeles and Phoenix, ATF special agents who act as border liaison contacts with the Procuraduría General de la República, the Office of the Attorney General's representative for Mexico. They meet regularly to coordinate firearms trafficking investigations.

Question:

What is the status of your efforts to expand this program into Central America?

Response:

Firearm trafficking is not restricted to the U.S.-Mexico border; it has become a regional problem. Consequently, ATF has been working with the State Department to expand the use of eTrace throughout the hemisphere, including Central America. The announcement by the Administration of a foreign assistance program to increase law enforcement support to Central America includes funding for expanding anti-trafficking efforts such as training of foreign law enforcement in the use of eTrace. The additional funds proposed in the Merida Initiative include a regional firearms advisor in Central America who will provide additional support to anti-trafficking efforts.

Question:

Can gun trace data be used by the FBI and ATF to identify firearms dealers at gun shows and flea markets who are consistently engaging in "straw purchases"?

Response:

Although trace data alone cannot be used to identify potential straw purchases at gun shows, they can be valuable in ultimately identifying illicit transactions.

ATF regularly analyzes trace data to identify potential illegal activity, including straw purchases. However, trace data alone would not indicate whether a potential straw purchase occurred at a gun show. The results of firearm traces indicate the Federal firearms licensee (FFL) that sold the firearm and the purchaser, but they do not indicate the location of the sale, i.e., the FFL's primary location or an alternative premise, such as a gun show. Nevertheless, ATF agents, using trace data as a lead, can examine an FFL's acquisition and disposition records, (which record the location of the sale), to determine if the firearm was transferred at a gun show.

It should also be noted that, under Federal law, private sales of firearms, which occur routinely at gun shows, are not required to be recorded, which means that many cannot be successfully traced. Moreover, Federal regulations prohibit FFLs from operating at flea markets.

Question:

What would ATF do if eTrace data showed an individual making repeated purchases of guns from gun shows along the border? Is this enough for ATF to begin an investigation of that individual for trafficking? Would you need more information? If so, what type of evidence would allow you to open an investigation into an individual for gun-running into Mexico?

Response:

If ATF's eTrace program highlighted an individual making repeat purchases of firearms from gun shows along the southwest border, that information alone would not be indicative of criminal activity on the part of any dealer or individual, and would not automatically trigger an investigation. However, this would allow ATF to begin to gather additional intelligence to determine other factors regarding the purchases. ATF utilizes information from a variety of sources to initiate criminal investigations. This includes trace data as well as the information on the type of firearms being purchased (trafficker's weapons of choice), the length of time from the purchase date to the time that the firearm(s) was recovered in Mexico ("time-to-crime") and if the purchaser is making multiple purchases of firearms from other firearms dealers. At any point during this preliminary investigative analysis, an investigation can be initiated if the agent or supervisor determines that an actual investigation is warranted.

Question for FBI, ATF:

As the Christian Science Monitor reported in a July 2007 editorial, more than 90% of the thousands of guns confiscated yearly in Mexico originate in the United States.

Many of these guns are purchased at gun shows and flea markets in Border States, and then trafficked into Mexico.

In conjunction with the Merida Initiative, will the FBI and ATF be doing more to monitor gun shows on the Southwest border? Do your agencies have any specific plans to more aggressively combat the so-called "straw purchases" that take place at gun shows?

Response:

ATF cannot be certain as to what exact percentage of guns recovered in Mexico are from the United States. Last year, Mexican authorities submitted 3,312 weapons for tracing, and about 90 percent originated in the United States, according to ATF's analysis. Many of these firearms are likely to be used guns, based upon our evaluation of the time-to-crime, which is the amount of time from the first retail sale until the gun's recovery by law enforcement.

Because the Merida Initiative is a foreign assistance program, it does not provide direct funding to ATF to combat illicit firearms trafficking in Mexico. Merida, however, does provide funds for an advisor in Central America to coordinate training and firearms tracing for the region. ATF combats the illicit trafficking of firearms (including firearms illicitly acquired at gun shows) through Project Gunrunner. Project Gunrunner has shown that gun shows are one source of weapons recovered in Mexico. Gun shows are targeted where reasonable suspicion exists that illegal firearm trafficking is taking place and that a specific gun show is a source of crime guns.

A key component for stemming the illicit flow of firearms between Mexico and U.S. Border States is ATF's inspection of Federal firearms licensees (FFLs) in the affected areas. These inspections detect and prevent the diversion of firearms. Through our industry operations activities we have identified Federal firearms licensees who may be actively participating in trafficking schemes including straw purchasing activities. Our compliance inspections of primary retailers and pawnbrokers in the four field divisions along the border also help identify suspected traffickers or straw purchasers. It is estimated that there are over 6,647 FFLs along the U.S.-Mexico Border in contrast to approximately 35 Industry Operations Investigators and 100 special agents stationed along the border, who are dedicated to investigating firearms trafficking.

As such, ATF has used outreach to improve relations with firearms industry members, to promote voluntary compliance, which has led to licensees' providing assistance in recognizing and preventing straw purchases.

In December of 2007, the ATF announced the commencement of Project Gunrunner, a comprehensive, directed strategy designed to utilize ATF's unique regulatory and investigative expertise in abating the virtually unrestricted flow of U.S. sourced firearms for use by violent drug trafficking organizations in Mexico. Through Project Gunrunner, ATF special agents and inspectors stationed along the Southwest Border focus on the identification and prosecution of illicit sources of firearms bound for Mexico. ATF also tracks and traces all large-scale, DTO-related firearms seizures made in Mexico.

The strategy is to work in conjunction with our domestic and international law enforcement partners to deny firearms, which are the "tools of the trade" used by criminal organizations operating in Mexico and along the border. ATF's gun desk located at EPIC serves as a central repository for weapons-related intelligence. The gun desk compiles illicit weapons information and intelligence from federal, state, and local law-enforcement agencies, as well as foreign governments such as Mexico.

ATF collaborates with the Government of Mexico and supports Mexican law enforcement institutions, and helps build capacity through training in Firearms and explosives identification, serial number restoration, post-blast investigation, render safe explosives training and canine training.

